No.30,983

Friday October 27 1989

### World News Sanctions halt \$10bn in loans for China

Western economic sanctions imposed against China after the June massacre of peaceful demonstrators in Peking have started to bite deeply into the country's trade and economy. Chinese officials said an estimated \$10bn of loans had been suspended and no negotiations were taking place for new offi-cial borrowing. Page 26

RAF officer shot An RAF corporal and his oneyear-old child were shot dead in West Germany, a British Forces' spokesman said.

Indian opposition India's opposition parties boosted their electoral chances by reaching broad agreement on putting up a single candi-date against the ruling Congress party in most key constit-uencies. Page 26

Soviet miners vote Thousands of Soviet coalminers are to vote this week in the Donbas coalfield on whether to defy the law and strike in protest at the Govern-ment's failure to meet their demands. Page 3

Krenz builds bridges The East German leadership held its first talks with promi-nent members of the New Forum opposition.

Nicaragua denial Nicaragua rejected charges made by the Honduran mili-tary that it was shipping arms to left-wing Salvadorean rebels.

Irish attack outpost Irish nationalist ggerrillas attacked a British army outpost in Northern Ireland with mortar bombs fired from a

Police raids in SA Police raided apartment blocks in Johannesburg and arrested about 180 blacks living there segregation laws.

. . Lome request relief . African countries will press the EC this weekend to write off their foreign debt and roll back trade barriers during a meeting of the Lome trade and aid convention in Nairobi.

Refugees to move Hong Kong is to move a group of Vietnamese boat people from temporary accommoda-tion in a drug rehabilitation centre ahead of a visit there

by the Princess of Wales.

١.

Abortion pill backed. Leading British doctors endorsed a French abortion pill, safer and cheaper than surgical alternatives, which anti-abortion campaigners have so far kept off the international market.

iceland protests Iceland formally protested to Britain over plans to build a nuclear waste reprocessing . plant in Scotland.

Boeing 737 crashes A China Airlines Boeing 787 with 56 people on board smashed into a mountain shortly after takeoff on a flight to Taipei. Page 4

Red See

Vetican announced a 1988 budget deficit of \$43.5m down from the previous year's record total, but urged Roman Catholics to keep contributing.

# **Business Summary** Indosuez **buys 20%** of Morgan

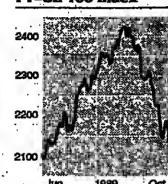
Grenfell

BANQUE Indospez announced it was buying the 20.4 per cent stake in Morgan Grenfell, City merchant bank, owned by Wil-lis Faber, the insurance broker for £137.4m (\$219m).

Morgan Grenfell responded coolly to calls by Banque indo-suez, the ninth largest French bank, to establish a partnership in European merchant banking, Page 27

FT-SE index fell in early trading and steadled before the recovery was wiped out by

FT-SE 100 Index



Wall Street's opening fall. The index closed 32.5 points down at 2,129.4. Markets, Page 41 INTERNATIONAL Tin Council hank and broker creditors finally lost their legal battle to force the Council's members to pay its debts. Page 26

US GNP: real gross national product rose at an unchanged annual rate of 2.5 per cent in the third quarter, according to the advance estimate from the Department of Commerce.

RENAULT: Sir Leon Brittan, European Competition Com-missioner, proposed that Ren-ault, French state owned car company, should repay in full Ffr12bn (\$1.92bn) of state aid that it was granted in 1968. The full Commission must

endorse the proposal. Page 26

LIT Holdings: A breakdown in internal risk management procedures governing the activities of three options traders with positions in United Air Lines stock forced LFF Holdings, transatlantic financial services company, to say it expects losses in the second half of the year. Page 32 PHILIPS of the Netherlands plans to spin off about 20 per cent of Polygram, its record company subsidiary, in an

results, Page 30 NYSE: the SEC approved a new product and market structure veloped by the New York Stock Exchange which will allow institutions to buy and sell the entire Standard & Poor's 500 Index in a single trade. Page 31

equity offer that could raise

FI 1bn (\$480m). Story and

WEST German interest rates: inflation moved up again this month, just as the Bundesbank lifted key rates by a percentage point to counter over-heating.

**COMPAGNIE de Navigation** Mixte, French champagne to insurance conglomerate, opened its defence against FFr22.5bn (\$3.6bn) takeover bid launched by Paribas.

US Car makers: Detroit's big three vehicle makers turned in sharply lower third quarter profits reflecting problems in the US market. Page 27

JAPANESE electronics: Hitachi, Toshiba and Mitsubishi Electric, largest integrated electrical and electronics compenies, reported record interim profits, which highlight the continuing expansion of the industry. Page 29

QINTEX: Christopher Skase, entrepreneurial head of the TV and resorts group in Aus-tralia, insisted his besieged empire was solvent. Page 29

# THATCHER APPOINTS JOHN MAJOR AS CHANCELLOR Lawson quits Government

By Philip Stephens, Political Editor in London

MR Nigel Lawson threw Mrs Margaret Thatcher's Govern-ment into turmoil yesterday by resigning as Chancellor of the Exchequer over his differences with the Prime Minister on

with the Prime Minister on exchange rate policy. In a move which forced e dramatic cabinet reshuffle, stunned Conservative MPs and raised questions at Westminis-ter over Mrs Thatcher's long-term future, Mr Lawson effectively walked out of No 11 Downing Street. In a curt letter to the Prime Minister, he said he could no longer serve as Chancellor while she retained Sir Alan

while she retained Sir Alan Walters – a strong critic of Mr Lawson's advocacy of full British membership of the Euro-pean Monetary System - as her personal economic adviser. Within two hours, Sir Alan announced his own resigna-

Mrs Thatcher immediately appointed Mr John Major, the Foreign Secretary, to replace Mr Lawson and the Government emphasised that its economic strategy would remain unchanged. Mr Major had saved for two years under Mr Lawson as Chief Secretary to the Treasury and his appointment was seen as an attempt by Mrs Thatcher to emphasise the continuity of policy.

Hours later, Mr Douglas

Hurd, the Home Secretary, was
appointed to replace Mr Major,

while Mr David Waddington the Chief Whip, was appointed Home Secretary. Amid tense scenes at West-minister, senior Conservative

MPs counselled against panic.

But they and Government min-

Mrs Thatcher now faced per-haps the most difficult political crisis of her more than 10 years in office.

The resignation came against the background of the serious economic problems already facing the Government and with the Labour party holding a commanding lead of around 10 points in national opinion polls.

Yesterday, Mr Neil Kinnock, the Labour leader, said the events had shown that Mrs Thatcher was "no longer fit to be Prime Minister." The immediate catalyst for

Mr Lawson's resignation - dis-cussed in four separate meetings with the Prime Minister yesterdey - was Mrs Thatcher's refusal to disown e recently-published article hy Sir Alan. Sir Alan referred to the

European Monetary System, into which Mrs Thatcher is formally committed to taking sterling as "half-baked" and in the Commons yesterday the Prime Minister refused to be drawn into publicly disowning his views.
Despite knowing that Mr
Lawson was on the point of
resignation, Mrs Thatcher
declined to sack Sir Alan or to

repeat the Chancellor's statement earlier in the week that her adviser should refrain from any further public comment. Instead, Mrs Thatcher merely insisted that it was the job of "advisers to advise" and the job of ministers to make policy, a statement which fell for short of Mr Lawson's far short of Mr Lawson's

But Mr Lawson's dramatic isters were acknowledging that .move - reminiscent of the

decision by Mr Michael Heles-tine, the then Defence Minis-ter, to walk out of the cabinet in January 1986 but likely to have more far-reaching implications - was the culmination of a much more fundamental dispute with the Prime Minis-

ter over exchange rate policy. He is the first Chancellor to resign from the cabinet since the then Mr Peter Thorneycroft left Mr Harold MacMillan's Government in 1957.

Mr Lawson — backed by many of his colleagues — has been seriously at odds with Mrs Thatcher since 1987 over

his desire to take sterling into the EMS and the differences erupted into a public row in the sping of the following year. Mr Lawson revealed his intense frustrations in the opening line of his letter to Mrs Thatcher yesterday: "The successful conduct of economic

policy is possible only if there is, and is seen to be, full agree-ment between the Prime Minister and the Chancellor of the Exchequer." Recent events had confirmed

that "this essential require-ment" could not be met so long as Sir Alan retained his position. Mr Lawson added that "I have therefore regretfully con-cluded that it is the best interests of the Government to resign my office without fur-ther ado."

In her reply, Mrs Thatcher spoke of her "profound regret" at his decision and Downing Street emphasised that she had sought to persuade him at each Continued on Page 26

Samuel Brittan's viewpoint



Lawson's letter to the Prime Minister

Dear Margaret, The successful conduct of economic policy is possible only if there is — and is seen to be — full agreement between the Prime Minister and the Chancellor of the Exchaquer.

Recent avants have confirmed that this essential requirement cannot be satisfied so long as Alen Walters remains your personal economic

I have therefore regretfully concluded that it is in the best interests of the Government for me to realgn my office without further ado . . . Yours ever, Nigel

# News stuns MPs, business

By Our Political and Industrial Staff

NEWS OF Mr Lawson's sudden ment statement. Labour MPs resignation spread through the Palace of Westmuster within phantly. minutes, leaving Conservative Members of Parliament visibly

run e Government."

Proceedings in the House of Commons were suspended

"Although he had been going through a rough patch, he had support from the party for the

Thatcher was "no longer fit to nomic adviser.

Mr Lawson never had a

Members of Parliament visibly strong following among Conshocked — and their Labour shocked — and their Labour servative MPs but there was rushed out shortly before 6pm ing. One specialist on economic London time, one Conservative affairs said. "He was a very MP said: "I am not going to able man." That backing had discuss it." Another said: "We are just shocked." son battled against both Mr Neil Kinnock, Labour adverse economic statistics Partyleader, said Mrs Margaret and the Prime Minister's eco-

after repeated attempts by the policies he was following," said opposition to force a Govern- one MP. His speech at the

had been received raptiously. Senior Todes were not pre-pared to calculate the destabilipared to calculate the destaint-ising consequences for the Government: "He was a highly-skilled Chancellor," said one, who expressed "profound regret" at his resignation. The rapid appointment of Mr

mood was described as "juhi-

recent conference in Blackpool

John Major - a former Treasury minister - as Mr Law-son's successor, gave some assurance. "He was the best Chief Secretary we have had for many years," said a Conser-vative MP. "There is going to be no change in economic pol-

Among Labour MPs, the

lant": Tribute was paid to Mr John Smith, Labour Party spokesman on the economy, whose opening speech in Tues-day's Commons debate on the economy was widely praised. "His speech clearly embar-rassed the Chancellor enormously."

Mr Kinnock said the Govern ment was now in "deep crists." He said Mrs Thatcher would not let those she appointed to senior departments of state get on with their jobs.

He added: When the Prime Minister failed to give real support to Nigel Lawson this after-noon, he really could not stay Continued on Page 26

# Sterling slides in New York despite support

By Simon Holberton in London and Janet Bush in New York

**BRITISH financial markets** were last night braced for a volatile day today after Mr Nigel Lawson's sudden resigna-

last night to Mr Lawson's res ignation was dramatically neg-ative, and sterling was sold heavily against all currencies. It fell up to six pfennigs against the D-Mark and three

cents against the dollar, prompting repeated rounds of Bank of England intervention Continued on Page 26 Lex, Page 26; World Markets, Second Section

# Gorbachev calls for nuclear-free zone in the Baltic

By Robert Taylor. in Helsinki

PRESIDENT Gorbachev yesterday turned aside from his domestic woes and moved to the centre of the diplomatic stage with a call for e nuclear-free Baltic Sea. He also announced that there were no tactical nuclear weap-

were no tactical nuclear weapons on Soviet territory that
could hit northern Europe.
In e bid to erect what he
called the "northern wall and
roof" of the "common European home," Mr Gorbachev
said in e speech on the second
day of his state visit to Finland
that Mescow planned "a comthat Moscow planned "a com-plete restructuring of the Soviet armed forces in the

northern region during 1990."
Already, he said, there were
"no medium or shorter-range Soviet missiles in operational status in areas adjacent to the North of Europe. Soviet tactical nuclear systems are now deployed in areas from which they cannot reach northern

Europe from any given site on Soviet territory."

The Soviet leader's statement amounted to e claim that Moscow is making rapid progress in the implementation of the 1987 US-Soviet treety which bans ground-launched medium and shorter-range

His words also appeared to be indicate that there were no short-range missiles targeted on the sensitive Nato bases in northern Norway. Speaking in the Finlandia Hall, scene of the signing in

1975 by 33 European nations of the Helsinki Final Act ushering in a new phase in East-West relations, the Soviet President declared:

"We are prepared to come to an agreement with all the nuclear powers and the Baltic States on effective guarantees for the nuclear-free status of the Baltic Sea."

He added that the Soviet Union had already taken two of its ageing Golf-class submarines ont of operation and pledged to destroy the remain-ing four by the end of 1990. The on.

The reaction in New York submarines would also be

The non-unclear zone idea seemed likely to receive a cool reception from the West, in common with previous Soviet calls to make nuclear-free some limited geographical

in Murmansk two years ago, Mr Gorbachev called for a nuclear-free Nordic region. Picture, Page 26

# Credit Lyonnais will control Thomson's finance division

By William Dawkins in Paria

THOMSON CSF, France's top defence and electronics company, is to sell majority control of its highly profitable finance division to Credit Lyonnais, the country's third-largest bank, in a share swap worth more than FF15bn (\$838m).

The deal will be the first link between two leading French industrial and banking groups. It will help Credit Lyonnais, which is controlled by the French Government, to boost its equity to comply with new capital adequacy rules pro-posed by the Bank for Interna-tional Settlements and adopted by the European Community. Mr Alain Gomez, Thomson CSF's chairman, has been seek-ing a bank partner in the belief that such e link would help the

group compete against West German and Japanese counter-parts, whose traditional close ties with large banks have brought them useful financial

The very success of Thom-son CSF's five-year-old finance division has also attracted dis-CONTENTS

approval from the French banking establishment and official circles. They do not feel it appropriate for an electronics company to make well over half its profits from banking, say observers.

Credit Lyonnais will take just over 50 per cent of Thom-son CSF Finance initially, in return for which the electron-ics group will receive almost 14 per cent of the bank, which is issuing new shares for the pur-Credit Lyomais will lift its.

stake in Thomson CSF Finance to 80 per cent over the next three years in return for negotiable securities to be cashed by the electronics group, which not planning to rise its stake in the bank. The deal values the whole of

Thomson CSF Finance, one of France's most profitable banks in terms of return on capital, at well over FFr10bn. This implies that the extra Credit Lyonnais share purchases could bring around FFr3bn cash to the electronics group.

The link is due to be cleared at board meetings of the two state-controlled companies next Monday and also needs the consent of the Bank of

It would leave Thomson CSF, which is the 60 per cent owned subsidiary of the Gov-ernment-owned Thomson group, as the biggest single shareholder in Credit Lyonnais, after the state. The only other major stake is held by the Caisse des Dépots at Consignations, the government savings institution, which took 6 per cent of Credit Lyonnais for FFri.5m early last month, in another attempt to bolster the bank's capital base.

Thomson CSF believes the transaction will have very lit-

tle impact on its profits, since income lost from the disposal should be made up by Credit Lyonnais dividends. It argues that the main benefit will be to provide security for Thomson CSF Finance against future banking risks it might incur as it continues its fast growth.

Bhutto caught in struggle against the political tide

27,30

27.28



America .... Companies Overseas ... Companies World Trade Britain .....

When a husband cheats on his wife the say ehe is usually the last to know. So it was with Pakistan's Benazir Bhutto when her coalition partner joined forces with the Page 4

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THE RELIES THECLUB

# MARKETS

STERLING

New York close: \$1.575 \$1.6125 (1.6095) DM2.965 (2.9625) FFr10.0625 (same) SFr2.5925 (same) Y228.50 (228) Y228.50 (228) £ Index 90.1 (same) COLD New York: Comex Dec \$375.4 (372.3) London: \$369 (358.75)

N SEA OIL (Argus)

Brent 15-day Nov \$18.575 (-0.45)

New York close DM1.841 FFr6.2525 SFr1.613 Y141.12 Londort: DM1.888 (1.8405) FFr6.24 (6.2525) SFr1.608 (1.6115) Y141.65 (141.5) US LUNCHTIME

DOLLAR

\$ Index 69.5 (89.8) Tokyo close: Y141.90 Fed Funds 812 % 3-mo Treasury Bills: yield: 7.835% Long Bond: 10232

STOCK INDICES FT-SE 100: 2,129.4 (-32.5) FT Ordinary: 1,720.5 (-31.4) FT-A All-Share: 1,075.51 (-1.3%) New York latest DJ Ind. Av. 2,820.90 (-32.38) S&P Comp 340.14 (-2.36) 35.678.49 (+236.09) LONDON MONEY closing 15½% (15½) Life long gift future:

Chief price changes vesterday: Page 27 yleid: 7.880% Dec 9333 (9333) MARKET REPORTS: CURRENCIES, Page 48, BONDS Page 31-32 COMMODITIES, Page 40, EQUITIES Pages 41 (London), 49 (World)

**EUROPEAN NEWS** 

Milosevic builds

up his bastions in isolated Serbia

BELGRADE IS enjoying yet another Indian summer. Despite the inflation, now run-

ning at 1,000 per cent a year, many of the city's inhabitants are out lolling on the cafe terraces in the warm sensitive. Except for Mr Slobodan Milosevic, the president of Serbia.

Mr Milosevic, who is hardly any about making populist speeches, has not been seen in public for several weeks, apart from a few appearances at the Serbian and federal assembles.

Some Yugoshavs say he is "thinking." But, in fact, Mr Milosevic has been has been hard at work in the past

month, making sure that "reli-able" people are returned in the republic's local and state elections which are being held several months ahead of sched-

ments to the federal constitu-tion. These will probably advo-cate greater pluralism both inside and outside the ruling

League of Yugoslav Communists which would be reflected in future elections.

"The Serbian party and state, regardless of the amendments are now treating in

menis, are now preparing to have their own conservative.

people in power for the next four years. They will not have to worry about the amend-

ments," was how one Yugoslav economist: described the

Republic's tactics.
However, Serbia, despite all its attempts at gaining influ-

ence in other republics, is now

becoming increasingly isolated in the Federation. For example:

• It has no support in liberal

Slovenia which last month

amended its constitution aimed at strengthening its autonomy vis-a-vis the federal authori-

o it has lost any support it had in Croatia, after the Serbian authorities instigated nationalist demonstrations

there in the summer.

• After sending the Serbian secret service into the Republic

of Bosnia-Hercegovina to inves-

### THE FUTURE OF THE GERMANIES

# Reunification question back on the agenda

West Germany and its allies speak publicly in favour of reunification. In private however, many are not so sure. FT writers assess the prospect of ending four decades of partition

want German unity. In the 1955 Deutschlandver-HEN Mr James Baker met Mr Eduard Shev-Y ardnadze, the Soviet Foreign Minister, in Wyoming last month, the US Secretary of State disclosed afterwards that they had conferred in some detail about the "German Question". Observing the sensation he was causing among German journalists, he added enigmatically: "Those talks had better remain confiden-

That ancient Question has rebounded this autumn onto the political agenda, both within and ontside the two German statesformed by post-

The basic question over Germany's borders goes back to the Middle Ages. Is peace and stability in Europe best served by having one German state, or several fragmented ones, straddling the centre of the continent?

The three Western war victors, the US, Britain and France, all formally pledged in the post-war period that they

Western

ambivalent

UNTIL recently, German

reunification was a safe ideal to proclaim. As long as the Soviet veto on German unity

seemed immutable, the Federal Republic's friends could endorse it without worrying

much about what it would

mean in practice.
It is still far from clear that

Moscow's veto has been lifted; while Mr Gorbachev has said, enigmatically, thet "history will decide" the German ques-

tion, he has dashed admirers'

hopes that he will "give up"

his German ally.
But events in Eastern

Europe, and Bonn's evident

preoccupation with them, are

already forcing some well-bur-ied contradictions to the sur-

face and reviving atavistic fears of a German superpower. While a remarkable 63 per

cent of respondents to a

French opinion poll said reunification would be "rather a

ple have not forgotten two world wars.

"There have always been unspoken feelings about Ger-man reunification," says Ms

Anne-Marie Le Gloannec, a

French political scientist. "Offi-

Ex-West German Chancellor

Willy Brandt used to jibe that

"The German question is a French problem"; and the French writer François Mau-

of them." Mr Giulio Andreotti,

Italy's Prime Minister, caused a furore when as Foreign Min-ister in 1985, he noted that

there were, in practice, two Germanies and added: "I think

By Our Foreign Staff

allies

trag - the treaty giving back West Germany sovereignty in return for its membership of Nato - the allies proclaimed (with Bonn) "a common aim of a reunified Germany enjoying a liberal-democratic convention like the Federal Republic, and integrated within the European community (with a

Quietly but firmly, the West German Foreign Ministry makes sure it that its partners never lose sight of that pledge. Its chief, Mr Hans-Dietrich Genscher, never forgets if. He speaks enigmatically about "new forms of co-existence" between the Germanies; and as a first step he hints at the joint shouldering of administrative tasks such as environmental

protection, transport and postal services.
For most of its history the Federal Republic and its allies have been travelling along the same diplomatic road; if their ultimate goals were different,

it did not matter because the journey seemed infinitely long. Now some of the convenient formulae behind which both Bonn and its partners used to hide – those which speak of the complementarity of Euro-pean integration and German unity – will no longer serve to

mask differences of priority.
It sometimes looks as though the non-German members of the non-German members of Nato and the EC back West European integration because it "anchors" the Federal Republic and makes unity non-threatening in the not especially desirable event of it being achieved; while Boun favours European integration because it makes unity seem non-threatening and therefore feasible.

There is one thing that all parties to the German question - including the Soviet Union, - including the Soviet Union, and both German governments - have in common: an interest in keeping the pace of change manageable, The wild card that could upset the efforts of all sides to

ensure this is German public opinion, on both sides of the frontier.

In a sense it is also Bonn's strongest card. The current government can argue, to devastating effect, that it has no intention of downgrading its obligations to the West for the sake of building bridges to the East – but, unless the West shows due sensitivity, the Ger-mans will elect a government that has exactly that

President George Bush appears to understand better than some other Western comtries that Germany-bashing is not an option. He told the New York Times this week:

I don't see Germany, in order to get reunification, going off onto a neutralist path ...at odds, or potentially at odds with their Nato partners." The clear implication was that the best way of pushing Bonn down that path was to



# The ideological gulf underpinning partition

powerful emotions run np against harsh realities, politi-cians become masters of the

Germany's partition is no exception: the parties on both sides of the border have evolved a corpus of theory on the National Question that would do credit to a scholastic theologian.

Almost by definition, there can be no German politician who does not regard unifica-tion as desirable in certain cir-

Even the East Berlin regime, which abandoned its blandish-ments to the West in the early 1960s and has since concentrated on consolidating parti-tion, would presumably wel-come the Federal Republic with open arms if its citizens were to undergo a miraculous conversion to Communism. But in practice, the regime does not expect this happen;

and it repeatedly asserts that capitalism and socialism can no more be mixed than fire and

IN SITUATIONS where 1964. East Germans have had to hum their national anthem - rather than sing the embar-rassing words: "Resurrected from ruins and facing the future/ United Germany, our Fatherland, let us serve you

The problems faced by West German policy-makers resemble those faced by any policeman dealing with a hostage-taker, how do you help the captive without unduly rewarding

Anything Bonn can do to ease the effects of partition, by facilitating cross-border contact, involves dealing with, and thus legitimising, the Eastern

Broadly, the further right yon go in Bonn's political spec-trum, the greater the stress on the principle of unification, and the greater the caution about dealing with East Berlin; though the personal diplomacy of Bavaria's late leader Franz Josef Strauss was a striking exception to this. At the other extreme, leftist

Social Democrats like Mr Egon Bahr openly call for talk of reunification to be dropped - not because they are indifferent to rapprochement because they are so keen

In practice, the main parties' policies have converged. It was the Social Democrats who 20 years ago forged Ostpolitik; negotiation with East Berlin, co-operation on humanitarian and practical issues, economic aid, and pressure for reform. And it was a Christian Democrat-led government that wel-comed Mr Honecker to the Fed-

eral Republic in 1987. From a non-German perspec tive, it is hard to avoid the conclusion that economic aid from Bonn has boosted the Communist regime; but on the other hand the practical fruits of Ostpolitik, notably greater freedom to travel, have arguably fuelled dissatisfaction among East German citizens. Indeed the current crisis may reflect the fact that this part of Ostpolitik is working

Rapprochement) be abandoned in favour of Wandel durch Abstond (Change through Standing Apart.)
The bigh point of SPD-SED ties came in 1987 with the signtoo well, bringing results at pace faster than either side can ing of a joint paper which

The crisis has certainly sharpened the dilemma faced mainly dealt with disarma-ment but also committed the SED to some political reform. by the Social Democrats (SPD), who not only favour govern-The SED's failure to keep its promises had created a more critical attitude inside the SPD who not only favour government to-government dialogue with East Berlin, but also maintain party-to-party contacts with the East German Communist Party (SED).

The SPD is suddenly vulnerable to charges that its keenness on channels to officialdom (throughout Eastern Europe, not just East Borlin) has led it.

even before recent upheavals. East German experts within the SPD such as Mr Harry Ristock continue to emphasise that reform has to come through the SED or the official trade unions. But there is also more readiness to talk with unofficial groups inside East

Those groups are also confused over reunification. They have long dodged the issue; either because it would give the regime a stick to beat them with, or because they genuinely do not regard capitalist West Germany as an attractive

But the East German protest leaders, like everyone else, are having to adjust to a situation where tens of thousands are voting for the West with their feet - and those that remain are uncompromising in their call for self-determination."

# of 'inevitable' unity

By Christopher Bobinski and Judy Dempsey

GERMAN unity will always be a sensitive subject for the Poles. Not just because of bitter historical memories; some also feel that if reforming Poland has been allowed a free rein by Moscow, it is partly because their country is divided from the West by a safe buffer – orthodox East Germany.

not just East Berlin) has led it

to place too much emphasis on

stability and not enough on

General Secretary, Mr Volker Rühe, has accused them of

being soft on their Communist

And thin the SPD, younger figures like Mr Norbert Gansel suggested that the old idea of

promoting Wandel durch

Annäherung (Change through

But in recent weeks some major theme of a recent

German affairs, speaks for many top Solidarity officials when he argues for greater caution. Poland, he says, should first support the reformers in East Germany, whose first aim is domestic reform, not unity.

Mr Reiter's view that Poland should not go out of its way to hasten German unification is shared by the new Solidarity foreign minister, Mr Krzysztof Skuhlszewski, and the Prime Minister Mr Tadeusz Mazo-

Many Poles combine an instinctive fear of German unity combined with a sinking feeling that it is inevitable. Hungarian officials take a subtler view. They do not see the outright removal of the inner-German border as inevitable; but they take a Genscherist line on how a progressive improvement in Bast-West relations might make that, and other European borders proother, European borders pro-gressively more permeable.

The stress should be on making borders irrelevant, not on redrawing them, argue officials in Budapest. And they suspect that Bonn may feel the same

# ule. For instance, Mr Rados Smiljkovic, the conservative boss of the Belgrade party, one of the most important in the country, was recently elected for a second term. Mrs Minana Milosevic, the president's head-strong wife, was elected to the city's party presidency, and is likely to take over the ideological committee: hard at work in the past month, making sure that 'reliable' people are returned in the cal committee: Belgrade's unreconstructed Socialist Alliance of Working republic's local and state elections Psople, a party-backed umbrella movement, is firmly in the hands of Mr Zoran Todoin the hands of Mr Zoran Todorovic, who works hand-in-hand with the Belgrade party. Like the latter, the SAWP believes in pluralism in the party, but not multi-party pluralism. The idea behind holding the elections in Serbia earlier than planned is linked to amendments to the federal countity.

March, he has been preparing the ground. For instance, the liberalisation of the banking system and of joint ventures aimed at attracting foreign investments, freer movement of capital and imports, and a healthy \$5.5bn in reserves were enough to convince the IMF to approve a stand-by credit line to be granted next January, it also appears that in his recent visit to the US, Mr Markovic won

reject Serbian plans to change legislation, enacted after the Second World War, which pre-

vented Serbs re-colonising Macedonia During the inter-

war period, Serbs colonised Kosovo and Macedonia. In addition, the reform-minded

addition, the reform-minded youth movement in Macedonia sirenuously opposes Serbia's rigid ideological outlook while the Macedonian Orthodox Church remains unrecognised by the Serbian Orthodox church.

• The leadership in Montene-gro remains divided in its sup-

port of Serbia.

The republic's isolation is also compounded by the rising popularity of Mr Ante Markovic, Yugoslavia's (Croat) Prime Minister, Although he has been hesitant about tackling inflation since taking office last

Mr Milosevic has been

support from political and financial institutions for his. reform programme.
The upshot is that Mr Milosevic can neither match Mr Markovic's economic compe-tence, nor his popularity, except by bringing the people out into the streets. But to what purpose?

what purpose?

The nationalist tension, engendered by Serbia, is not as sharp as it was a few months ago. Besides, even if Mr. Milosevic were to accuse Mr Markovic of not introducing a "shock therapy": anti-inflation: plan, the Serbian president has no alternitive, policies 1154, would not risk alienating his supporters:

Thus, with such a shift in the Yugoslay political scene, Mr Markovic has been given a breathing space. But without substantial political reforms to ease his economic ones, he could run into trouble. That is why the emergency party con-gress, scheduled for next January, will be of crucial importance in demonstrating that there is, despite the formidable problems, some light at the end of this dark tunnel.

# and poverty

Government is to launch an anti-poverty programme in January. Announcing the programme, Mr Anthal Cavaco Silva, the Prime Minister, said the Government would concentrate initially on alleviating "socially unacceptable areas of poverty" in the cities of Lisbon and Oporto. He also announced increases in pensions of more than 15 per cent from December 1.

Mr Cavaco Silva's Social

from December 1.

Mr Cavaco Silva's Social
Democratic administration is
committed to liberal market
policies and it has come under
fire from the opposition and
the trade unions for failing to
act against social inequalities.

Mr Jorge Sampaio, the
Socialist party leader, has
warned of the dangers of a
two-track nation, with the

Esc500bn next year. Pensions failed to keep up with this year's near 13 per cent inflation rate, which is forecast at 9.5-10.5 per cent for 1990. Unions say the rises will

about Esc31,000 a month for industrial workers and Esc28,400 for agricultural

# W German inflation rises again

WEST GERMAN inflation WEST GERMAN inflation moved up again this month, just as the Bundeshank lifted its key rates by a full percentage point to counter the effects of over-heating.

Provisional figures (based on returns from Bavaria, Hosse, Baden, Württemberg, and

returns from Bavaria, Hesse, Baden-Württemberg, and North Rhine-Westphalia) show the cost of living index was 3.3 per cent higher at mid-month than a year ago. In September, the rate was 8.1 per cent.

Economics generally expect inflation to remain at around 3 per cent next year, with overall economic growth slipping to 3 per cent from around 4.

While the latest strengthening of the D-Mark should help offset inflationary pressures, consumer spending will be

consumer spending will be buoyed next year by the final stage of the tax reform pack-age, worth some DM25bn. Also concerning the Bundeshank is next year's round of wage talks, especially after the reaffirmation by the powerful IG Metall trade union that it will press for a 35-hour week.

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# That explains wby, since Economy would grow WHAT THEY Poles' sinking feeling but not by much

cially, everyone is in favour; in fact nobody wants it." FEARS of a West German takeover of the shattered econ-omies of Eastern Europe are exaggerated, according to one of Mr Helmut Kohl's closest

riac returned the compliment by saying: "I love Germany so much that I prefer to have two "Just look at Poland. There's a lot of talk but what are our companies actually doing? Virtually nothing. They sit there and expect the state to take all the risk, while they sweep up the profit," he says.

But what if West Germany's economic might was to be com-

bined with East Germany's trading channels further east?
Analysis in Bonn, speculating about a possible "merger" of the two economies, believe that the new eastern orientation of a combined German economy could be the most significant long-term effect of such a

In the short run any such merger would probably be a drag on the West German economy, already the strongest in Europe, as it poured capital and management into the renovation of East Germany. But although the differences in size and quality of output are enormous, the similar structures of the two economies would make an easy fit and in some sectors East Germany could actually

By David Buchan and David Goodhart

These are the metaphors in which an increasingly overt dispute between two theories of the EC is being conducted.

One camp, led by Mr Jacques Delors, the Commission President, stresses the need for the existing 12 members to inter-

existing 12 members to inten-

sify co-operation in all spheres: not just economics, but social policy and ultimately defence.

The other view, apparently gaining ground in Bonn, is that the EC should avoid taking any steps that complicate the

building of bridges to the East; and if that implies slowing the

pace of integration, so be it.

Bridge-building appears to mean full EC membership for

Austria; closer co-operation with Hungary and Poland, leading to their participation

first in Efta, and later - Mr

Genscher says - in the EC;

and generally the creation of a climate in which East-West

divisions (and hence the divi-

bring something to the party. East Germany's population, 16.6m, and GNP, DM270bn (£91bn), are both smaller than those of the West German state of North Rhine Westphalia. But the strengths of West Germany (population 61m, GNP over DM2,000bn) in investment

goods and chemicals are mir-rored in East Germany, albeit at a considerably lower level of sophistication. East Germany is often described as the "West Germany of the east

The combination of West
German technology and management could turn the relatively strong East German sectors — optics, printing
machinery, textile machinery,
some electronics, shipbuilding
— into world-beaters.

Assuming the measure led to

into world-beaters.

Assuming the merger led to the doubling of East Germany's GNP within 10 years, before stabilising at the West German level, the combined economy would be about one-seventh larger than the curgent West German economy. But fears of an economic giant in the heart of Europe, stemming from such a merger, are ming from such a merger, are misplaced; there already is such a giant and it is called

# SAID . . .

period of occupation, Germany shall be treated as a single economic unit." – Potsdam conference communique by the US, Soviet Union and Britain,

Germany in democracy and freedom is neither necessary nor desirable." - Walter Ulbricht, 1960.
- "I would say that, at some

Treaty last? How long will the system set down at Potsdam last?" - Helmut Schmidt,

August 1945. "Millions of other Germans...are still forced to dwell, separated from us, in thraldom and lawlessness. We shall not rest until you too have regained your human rights and live peacefully with us in one state and as one nation."

"I would say that, at some time over the next century, the East and West Germans will live under one roof...Statistically, power constellations do not last very long. Look at the aftermath of the Congress of Vienna. How long after 1918-19 did the Versailles Treaty last? How long will the

For the time being, no central German government shall be established... During the

The Bonn government has clearly given up on any kind of peaceful rennification...Commentators and philosophers are being mobilised to prove that reunification of

The old Communist establishment always stuck firmly to their East German comrades line on the obstacles to

top figures in Solidarity have advocated a complete reversal of Poland's position.

Both Mr Bromslaw Geremek, Solidarity's parliamentary leader, and the newspaper editor Mr Adam Michnik now support the idea of a united Germany; they argue that since their movement backs "self-determination" for the Polish people, it should also assert the same right for the Germans. same right for the Germans. Chancellor Helmut Kohl was sufficiently impressed by this change of heart to make it a

speech. But Mr Janusz Reiter, an

And undeniably, the idea that the EC must remain

Bonn strains at the Brussels anchor

"could not imagine...a mem-ber of another alliance joining the EC"; and he did not men-tion the widening of Efts. But both the Foreign Ministry and Chancellor's office argue that the BC should make arrangements with the "semisocialist" states of Eastern Europe at least as favourable as those it has made with the Lome or Asean states.

Mr Delors would probably counter that the Commission is doing precisely that — not only by making several bilateral agreements with East Euro-pean states last year, but also in its new role as co-ordinator of policy towards Poland and Hungary among the Group of

of events that both sides are aiming at a moving target. The one assertion by Mr Delors

The "deeper-versus-broader" dispute is unlikely to have winners because such is the pace that no German official would question is that "history is accelerating, and so must we."

# tigate the emigration of Serbs from Bosnian villages, the party leadership in Bosnia now openly opposes Serbia. The Macedonian authorities Lisbon acts on pensions

By Patrick Blum in Lisbon THE PORTUGUESE

warned of the dangers of a two-track nation, with the modern and richer sectors developing at an increasingly fast rate, while the poorer sectors fall further behind.

The minimum pension is to go up by more than 16 per cent from Esc14,600 (about 257) a munth. Other pension nayments for

Other pension payments for agricultural workers, the disabled and subsistence will also be raised. The increases will benefit about 2.2m pensioners and cost Esc. 78tm, bringing the pensions bill to about

1990. Unions say the rises with only partially make up for cost of living increases.

The number of pensioners has risen rapidly in the past decade, but pension levels and wages remain among Europe's language The minimum wages is lowest. The minimum wage is

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it could remain that way." While their gut feelings may vary, there are some basic points on which West Germany's European allies agree. They would all consider deeply unwelcome any hint that Bonn was prepared to pur-sue unity at the expense of West European and Atlantic ties. There is also clear understanding of the danger of provoking Bonn in that direction if its friends fail to show understanding of its concerns.

President François Mitterrand is adamant that the right thing is to stay calm, and not to give in to the old fears of a to give in to the old fears of a dominant Germany. His advisers dismiss almost with contempt the predictions that Germany is "slipping away".

And they insist that the right response is to strengthen the EC. France cannot predict how the German question will

how the German question will evolve, "but in every case, our answer is Europe," says one presidential aide. Among "anti-European" Britons, there is a temptation to make a tactical alliance with

those Germans who favour freezing closer EC integration while events in east Europe work themselves out. The Prime Minister herself has not yet succumbed to that temptation – in public. But Mr

Enoch Powell is eagerly point-ing the way, and Mr John Biffen is edging in that direction. Neither is close to Mrs Thatcher, but they belong to a strand of Tory thought -emphasis ou British sovereignty - to which she is susceptible.
Despite its strong European-

ism. Italy is far from unsympathetic to Bonn's interest in building bridges to the East. Indeed, closely watched by the Germans, it is doing some bridge-building of its own. Searching for forms of co-operation which would bring the two halves of Europe closer without upsetting the security

balance, Rome is inching towards new ties with Yugo-

slavia. Humgary and Austria.

Broader or Deeper? Deeper first, and only then broader? Or not too deep, for fear of making it harder to broaden?

Battle lines are blurred by proclamations from Bohn and Brussels that German unity and EC integration are complementary goals. But the split is

clear enough.

Mr Delors may have abandoned some of his former zeal for getting the EC involved in defence; but he still appears reluctant to see that option foreclosed either by Austrian membership, or by German-led preoccupation with the East. He fears that Bonn is making the opposite calculation; that it will start to judge every bit of EC policy by whether it makes "bridge-building" harder or easier – and will therefore veto any security

dimension for the EC. This has been the theme of his last three public speeches. In Bonn recently, he argued passionately that "the EC can play its part in reopening the Brandenburg Gate, but it must be strong to do it." The Commission President is

sion of Germany) are easier to an articulate advocate of an old theory - long proclaimed by Mr Genscher - that Bonn needs a firm Western anchor before sailing into eastern maintains that a "strong" EC, well-placed to re-integrate lost Eastern cousins, requires com-

mon economic and social poli-Such arguments are unlikely to sway Bonn as its spells out its views on a common social policy (strongly in favour) or monstary integration (cau-tiously in favour); any more ing into Berlin worry much about EC directives on health

and safety.
But Mr Delors needs plenty of German government time in the seven weeks before the Strasbourg summit, when he will try to bounce the Twelve into accepting a conference on monetary union next year, and he worries that too much of Bonn's attention is taken up with points east.

"open" to its eastern neighbours has been a persistent thems of recent speeches both by Mr Genscher and by Chan-cellor Helmut Kohl But there are also differences within the Bonn coali-An official close to Mr Kohl

is scathing about Mr Genscher's suggestions of Poland and Hungary joining Efta or the EC. The Chancellor's aide instead proposes something Brussels may find equally pro-vocative: an "East German" solution for the two reformist Comecon states, in other words free movement into the EC for its goods. Meanwhile Mr Genscher's

latest comments, made to Die Zeit, read like an attempt to smooth ruffled federalist feath-On EC enlargement, he said Austria knew of the Community's foreign and security pol-icy dimension, and would have to accept it; he stressed that he

# Finns agree five year trade deal

By Enrique Tessleri in

FINLAND and the Soviet Union yesterday signed their ninth five-year bilateral trade agreement as well as a protocol of intent that sets the framework for the joint development in the so-called Kola project.

The trade accord will continue to be based on a clearing-bouse scheme with a providence. house scheme with a provision for more flexibility if serious disruptions in trade occurs.

Presently, 10 per cent of all Finnish-Soviet semi-barter trade has been carried out on a hard-currency basis, and this is expressed to increase.

expected to increase "By mid-next year the rouble used in both countries' clearused in both countries' clearing-house schemes will most
likely be changed to a convertible currency," said Mr Kari
Holopainen department head of
the Bank of Finland,
Finnish-Soviet trade incorporated a balancing mechanism
in autumn 1988 that is included
in the present accord their

in the present accord. It is designed to safeguard trade-from dramatic shifts in any side's favour as happened in 1986 when oil prices plum-

Signature has been

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elections

Most Soviet exports to Fin-land will continue to be domi-nated by oil, as in the past, while the great majority of Finland's annual export quotas have been registered as lump sums for the 1991-55 period in the accord.

Finland will also continue to export machinery and equip-ment to the USSR.

Another important agreement signed by both states is a protocol of intent to jointly develop the Kola Peninsula.

Although this long-range project includes a number of areas, Finnish companies such as Neste, Imatran Voima, Wartsila as well as the American Conoco and Norsk Hydro of Norway, are planning to sign a letter of intent with the USSR Petroleum and Gas Ministry to carry out a feasibility study to determine how to tan the enormous gas reserves in

Both - Governments - also signed 13 joint venture projects of which the most important is Enocell, a sizeable Soviet-Finnish paper and pulp mill to be built in Finland that will use raw materials from the USSR:

### Bulgarian police beat up ecologists

Bulgarian police kicked and punched leaders of the coun-try's unofficial ecology group in a Sofia street yesterday and detained 15 others, Reuters reports from-Vienna quoting

They said about a dozen platnclothes policemen stopped nine leading members of the unofficial Eco-glasnost group and dragged them into a cur-tained bus. Several were kicked and punched.

Later some 15 members, including its president Mr Petar Slabakov, were detained in a central Sofia park where they were trying to collect signatures for a petition urging greater public discussion of some of Bulgaria'e industrial

# Soviets and Donbas coalfield miners to vote on strike

TENS OF thousands of Soviet TENS OF Housands or sovietic coalminers are to vote this week in the huge Donbas coalfield on whether to defy the law and strike in protest at the Government's failure to meet their demands. their demands.

The decision was announced

yesterday as another wildcat stoppage - in the grim Arctic Circle mining district of Vorkuta — appeared to have petered out in the face of offi-cial denunciation, and the threat of a rail blockade. The strike ballot is the latest indication of the miners' con-

SENIOR SOVIET officials

indicated yesterday that the introduction of a new "tourist exchange rate" for the rouble — at one tenth of the official

exchange rate - was the first

the plan appears to include maintaining the official exchange rate (according to which one rouble is worth

\$1.80) for essential imports, having a lugely devalued rate for tourist dollars (and Soviet

travellers) to prevent an excessive black market, and eventu-

tinuing militancy in spite of the apparent willingness of Mr Mikhall Gorbachev and the polithuro to meet all their key demands when they went on strike in July. strike in July.
Its outcome is very much in

the balance, with a majority of the Donbas Council of Strike Committees actually voting against a strike before deciding to hold the ballot.
The strike leaders met in the

Ukrainian city of Pavlograd, according to the official news agency. Tass. They heard a report from the official Miners'

Trade Union central committee on the progress of negotiations with the Government and Coal

Ministry.

However, in spite of their "dissatisfaction with the position of the ministry's leader-ship," only five of the 24 strike leaders voted to strike again, with 18 against and one absten-tion, Tass said.

The miners are angry about slow progress in changing their own mine managements and giving more autonomy to individual mines, as well as with the continuing poor supplies of consumer goods in the Ukraine coalfield. They also accuse the authorities of fail-ing to give the strike committees themselves adequate rec-

on strike with openly political demands, in addition to their anger at the mine management system. They were calling for the repeal of Article Six of the Soviet constitution entrenching the leading role of the Communist party - and for a separation of power between the state President

and the party leader. However, reports from the town yesterday said that all nine pits which stopped work had gone back. Apart from offi-cial threats of action under the In Vorkuta, the miners went new law banning strikes in the mines, they were also per-suaded by the threat of a rail blockade, cutting the only source of food and fuel in the

Another brief stoppage took place on Monday in Mezhdure-chensk, the West Siberian min-

# Three-tier currency system planned by Soviet Union

new exports. Fixing an acceptable "commercial" rate is still a distant prospect, Western bank's new chairman, at a tem is introduced, Vneshekon-

observers believe.
A spokesman for Gosbank, the Soviet state bank, confirmed yesterday that the new special exchange rate is intended only to benefit tour-ists, and penalise Soviet travel-lers. However, the 90 per cent devaluation, leaving the ronble worth only \$0.16, will be avail-able to any foreigner who brings foreign currency in cash and declares it on entry into the Soviet Union, he said. Full details of the change will be spelt out today by Mr

Viktor Gerashchenko, Gos-

news conference today. Yesterday huge queues of intending Soviet travellers had built up at the special bank built up at the special bank branch issuing hard currency allowances for foreign travel, hoping to get the official exchange rate before the new system comes into effect on November 1. At present, Soviet travellers are limited to a quota of Rhs200 in foreign cur-rency at the official exchange rency at the official exchange rate, but now that amount will buy them less than \$32. The Gosbank official confirmed that the travel allow-ance would be raised. Two days after the new sys-

ombank, the official Soviet for-eign trading bank, is planning to bold its first foreign cur-rency auction for Soviet enterprises. Last bids and offers had to be submitted by yesterday. There is still some doubt over whether the auction will go abead, after previous attempts failed because of the enormous imbalance between supply and demand of foreign currency. Soviet economists believe that the excess demand would have resulted in an effective 20-fold devaluation.

The auction route is one path to fixing an eventual com-mercial exchange rate for the

rouble, if a better balance between snoply and demand can be found.

The other route is through the officially-fixed "co-efficlants" for foreign currency transactions currently applied to all Soviet enterprises. The system effectively decides a differing price for foreign exchange for each industry, sector, or even region in the Soviet Union.

The 3,000-odd co-efficients now in force are set to be replaced next year by a common rate for all enterprises, amounting to a 50 per cent devaluation of the official

# E German leaders talk to opposition

By Leslie Colitt in Berlin

THE East German leadership beld its first talks yesterday with prominent members of the New Forum opposition as the country's lawyers' organi-sation called for major reforms

of the legal system.
The talks took place only a day after Mr Egon Krenz, the new East German leader, said he was willing to talk with

opposition groups.
Mr Günter Schabowski, the
East Berlin party leader, met
two founders of New Forum,
Mr Jens Reich and Mr Sebastian Pflugbeil. In Dresden, the reformist party leader there, Mr Hans Modrow, and Mayor Wolfgang Berghofer organised a meeting with New Forum activists and other citizens. Mr Reich said after the two-hour session with Mr Scha-

bowski, a politburo member, that he believed the party was genuinely seeking a dialogue

with the opposition.

He said Mr Schabowski had told them it was not his deci-sion on whether New Forum would be legalised. But be hinted at a new law permitting street demonstrations and multiple-candidate elections. The East German lawyers' organisation, meanwhile, called for a wide-ranging depolitisation of the legal sys-tem. The organisation, headed by Dr Gregor Gysl, a reformminded lawyer and party member, said "crimes against the state" had to be thor-

oughly revised.
The lawyers criticised limi-The lawyers criticised limitations on civil rights and noted that the independence of judges had "sometimes" been interfered with by party officials, a practice which should be abolished. The right of defence and the rights of the victims of offences needed to be strengthened, they said. The lawyers called for greater "transparency" in legal decisions and criticised "violations" by the security forces in tions" by the security forces in quelling demonstrations ear-

lier this month.

Detention centres chould be taken from the control of the Ministries of Interior and State Security and given to the

Justice Ministry.
The lawyers' organisation also called for a reform of police law to clearly define their power.

At a meeting of the Dresden City Assembly attended by opposition members and concerned citizens, Superintendent Christoph Ziemer of the Protestant Church handed over a report of 170 citizens who were victims of police brutality in recent demonstra-tions. Supt Ziemer called the report a "shocking, frightening document"

# ally introducing an intermediate commercial rate for non-essential imports, and possibly also for the promotion of Dutch pact on coalition government

By Laura Raun in Amsterdam<sup>\*</sup>

THE Dutch caretaker Prime Minister, Mr Ruud Lubbers, is hoping to swear in a new Christian Democrat-Labour cabinet on November 4 - the anniversary of his first government in 1982 - following agreement by the two parties

on a governing accord.

However, the sharing-out of cabinet posts has yet to be set-tied, and Mr Wim Kok, the Labour party leader, has still to decide whether he will serve, despite having led the negotiations with the Christian

Democrats. He is a leading contender for the post of Finance Minister in the 14-member cabinet, which will be Mr. Lubbers' third

The Christian Democrats shared power with the Liberals from 1982 until the general election two months ago when the Liberals, punished at the polls for toppling the Government over financing for an environment plan, lost too many votes to enable Mr Lubbers to form a stable parlia-

mentary majority.

Mr Onno Ruding, the Finance Minister, who has cleaned up public finances over the past seven years, has indicated unbappiness with the lack of budget discipling in the lack of budget discipline in the

governing accord.

Under the accord the Gov erument would spend Fl 4.55bn on new policies, including the environment and social wel fare. The budget deficit is to be shrunk to 3.5 per cent of national income by 1994. The tax burden will climb by 0.5

# THE STATE OF THE S

Chesterton's property advice can prevent a department store from becoming a departed store.

# EC 'cash mountain' causes a quarrel

By David Buchan in Brussels

PROOF that European Community institutions can as easily quarrel about having too much money at their disposal as too little came yesterday when the European Parliament complained at being able to spend only a fraction of the potential Ecu 9bn (26.25bn) budget surplus for 1990.

Giving a first reading to next year's draft budget, the Parlia-ment yesterday voted to increase spending by Ecu 971m to Ecu 47.1bn. But, to its frustration, provisions of the 1988 budget reforms prevented the Parliament from dipping any further into the Community's new-found budgetary riches. Underspending on EC farm

production and export support, because of higher world prices, nue, because of strong economic growth, combined to put the EC Council of Ministers' proposed 1990 budget of Ecu 46.1bn well below the absolute legal ceiling of Ecu 55bn.

However, the Parliament used its availabla room for manoeuvre by voting an extra

manoeuvre by voting an extra Ecu 100m for what it knew would be a popular cause— aid for Poland and Hungary. In his Wednesday speech to the assembly, President Mitter-and personanced himself per-

rand pronounced himself per-rand pronounced himself per-sonally favourable to the 1990 Community budget contribu-tion to the two East European countries being raised from Ecu 200m to Reu 200m. But it is Ecu 200m to Ecu 300m. But it is not clear that EC budget ministers will go along with this, when most of the Twelve are also making substantial extra bilateral aid available. The Par-

liament also voted an extra Ecu 185m for seven of their favourite "new policies" ranging from some of Margaret Thatcher's bêtes noires like the Lingua foreign language pro-gramme and social policy, to funds to protect the EC envi-

of the Council against the Par-liament, Mr John Tomlinson, the British socialist rappor-teur, accused the former body of "irresponsibility in accept-ing policies with financial con-sequences and not making proper funds available". He cited the example of the Lingua programme, which he said the Commission had proposed, and the Council had accepted. on the basis of Ecu 2 spending next year, but for which only Ecu 8m had entered into the draft budget.
Mr Peter Schmidhuber, the
Budget Commissioner, pointed
out that it was stupid to pour
lots of money into new programmes in the running-in phase. But no serious ructions phase. But no serious ructions are expected in settling the 1990 hudget before Christmas.

Diplomats from the Twelve have broadly welcomed the new flexibility in the Commission's proposal to set only minimum, not absolutely fixed rates, for excise taxes on alco-hol, tobacco and fuel.

But many said Brussels' re vamped plans would still pose their countries considerable adjustment problems and UK officials described the Commission's rate-approximating efforts as neither necessary nor

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# De Klerk says apartheid reforms essential



Mr F W de Klerk, the South higher economic growth, African President, yesterday reduce unemployment and African President, yesterday acknowledged that reforms to apartheid were essential to end the country's international financial isolation and to boost domestic economic growth. "We recognise that credible constitutional reform has a

very important role to play in ... the normalisation of Sonth Africa's international economic relations and the development of a strong econ-omy," he told a business con-

ference in Johannesburg.

Mr de Klerk argued that punitive economic sanctions inhibited political change in South Africa, but at the same time he seemed to indicate a willingness to meet foreign demands for change rather than risk continued economic

Structural changes to the economy were needed to foster

lower inflation, he said, adding that unless the country's fundamental economic problems were dealt with "it will be very difficult to proceed with significant political reform.

Mr de Klerk congratulated South African exporters for BY PATTI WALDMEIR IN JOHANNESBURG

their success in circumventing international trade sanctions.

international trade sanctions.

The volume of merchandise exports had risen by 7.3 per cent in 1988 and a further 13.5 per cent in the first half of 1989, according to Mr Chris Stals, governor of the South African Reserve Bank (central bank), who spoke at the same conference. conference.
Mr Stals noted that the sur-

plus on the current account of the balance of payments for the third quarter of this year,

on a seasonally adjusted and annual basis, was preliminarily estimated at R5bn to R6bn, a substantial improvement over the comparable figure of R2bn for the second quarter.
This should make it possible to reach the government's target of a R4bn surplus for 1989, he said.

maintained.

"The balance of payments situation now seems to be much more comfortable than it has been for a long time, he concluded, noting that extreme pressure on foreign reserves experienced earlier in the year had eased. Net gold and foreign exchange reservee had increased in the third quarter of 1989 for the first time since

He added, however, that the need to generate large current

the beginning of 1988, he said.

account surpluses to service the country's \$21bn foreign debt would continue to depress economic growth over the next four years, when an average annual current account sur-plus of R5bn would need to be

• The Government of the Transkei, one of the nominally independent black homelands created by Pretoria in the 1970s, says it is considering legalising the African National Congress (ANC) despite a constant of the cream's

Congress (ANC) despite a continuing ban on the group's activities in South Africa.

A number of top ANC officials, including imprisoned ANC leader Mr Nelson Mandela, were born in the Transkei. Mr Mandela, who is a member of the royal family of the Thembu, a clan of the Xhosa tribe of the Transkei, maintains close links with tribal leaders in the homeland.

# Guerrillas intensify fighting in Cambodia

FIGHTING intensified in four provinces of Cambodia this month as guerrillas attacked key areas held by the pro-Vietkey areas held by the pro-Viet-namese government, the Thal Army spokesman said yester-day, AP reports from Bangkok. Lt Gen Naruedol Delpradi-yuth said that before the next round of peace talks, the two sides "will try to control mate areas and to attain the upper hand to increase their bargain-ing power."

ing power."

He reported increased fighting in the western provinces of Battambang, Banteay Mean-chey and Siem Reap and the central province of Kompong

He said that in the often fierce combat the guerrillas focused attacks on key routes 68 and 69 in the northwest and on Highway 6, which runs from the northwestern town of Sisophon to the area of the national capital, Phnom Penh. Naruedol spoke at a regular news briefing at which Major Gen Anusorn Krisanasereni, the Army's secretary general, also appeared.

Maj Gen Anusorn said the guerrillas "have been able to successfully launch offensives in many areas while the (pro-He said that in the often

in many areas while the (pro-Vietnamese forces) are trying to maintain important strate-

gic positions."

He said the guerrillas "use the method of launching an offensive, seizing certain areas, and pulling back their forces, probably because they do not have enough forces to control the areas."

Mai Gan Annsort said the

Maj Gen Annsorn said the fighting is expected to inten-sify in the dry season starting next month as the pro-Vietnamese army reinforced troops to try to recapture lost areas. The most important guer-

The most important guerrilla victory this month was the Khmer Rouge seizure of the gem-rich town of Pailin on Sunday.

The Khmer Rouge said that opened the way for an assault on the provincial capital of Battambaug, Cambodian's largest city after the capital, Phuom Penh.

The Khmer Rouge army radio said on Wednesday the guerrilla group has set up a

guerrilla group has set up a military committee to defend Pailin and to allow guerrilla forces to continue their

The radio said the guerrillas had "set up a provisional mili-tary committee to defend and keep Pailin town. This is being arranged to allow our bigger forces to move ahead freely." It said that once a political settlement to the war is reached, Pailin and other areas "liberated" by the Khmer Rouge will be placed under the provisional govern-ment that will organise an

The Klumer Ronge killed hundreds of thousands of Cambodians during the 1970s before it was ousted by Viet-nam's invasion in late 1978. It is the largest member of

Iran hopes to end row with France

Iran said yesterday it was close to ending a damaging, \$1bn dispute with France lasting a decade, Reuter reports from Paris. Mr Mahmond Vaezi, Iran's Deputy Foreign Minister, said after three days of talks with French officials that Paris and Tebran had of talks with French omicials that Paris and Tehran had "agreed on the principle of solving the problem" and that a final agreement could be sealed next month in Iran. Iran is seeking full repay-ment with interest of a \$1bn



Still loyal: supporters of Ms Rhutto marching in Islamabad

# Bhutto caught in struggle against the political tide

By Christina Lamb

WHEN A husband cheats on his wife they say she is usually the last to know. Ms Benazir Bhutto's Government was similarly taken aback when on Sunday the opposition announced they were moving a vote of no-confidence against her supported by the Mohajir Quami Movement (MQM), her erstwhile coalition partner.

The West too seems to have been taken unawares by quite how drastically Ms Bhutto's support has fallen during her almost 11 months in office.

During the summer Ms WHEN A husband cheats on

During the summer Ms Bhntto captivated television audiences and apparently heads of state as she swept through the US and Europe, every slip of her Islamic headscarf attracting popping cameras. But already things were going wrong at home. While

ministers recounted with pride Ms Bhutto's standing ovation in the US Congress, Pakistan'e in the US Congress, Pakistan's large lower class, on whom she relies on for votes, were muitering about price rises of 40 per cent and openly wondering what had happened to the jobs and prosperity she promised.

While the West has been shocked by reports this week

shocked by reports this week that Ms Bhutto may not last the year, those back home who take more account of where their next meal is coming from than the flattering remarks:of US Senators, are unsurprised, Last December when Ms Bhutto took office: she was

hailed as Pakistan's best hope to get the country out of the net of martial law. The beginning was certainly promising. Within a week she had released all political prisoners, and allowed opposition figures on television for the first time. Today if the opposition succeed in forcing new elections Ms Bhuito can claim little to her credit but shattered hopes. Her mnch heralded bureau which was to provide jobs to all, has been disbanded after being turned into a vehicle for handing out party patronage. Her Information Minister has been removed for taking her freedom of the press policy too literally and nightly news rarely shows anyone ontside her Pakistan People'e Party (PPP). Newspaper editors com-plain of emotional blackmail and harassment of journalists. Ms Bhutto came under more fire last week when she had her first political prisoner locked up. Supporters of the detainee, Mr G. M. Syed, aged 87, had burnt Pakistani flags at a rally in the southern prov-ince of Sind. Ms Bhutto, who comes from Sind, was thought last year to be the only person

creation of Bangladesh in 1971. Ethnic violence between Sindhis, Mohajirs (migrants from India), Pathans and Punjahis, all of whom are locked in a battle for ecarce economic resources, has worsened under Ms Bhutto.

the rise and last month General Aelam. Beg, the army chief, remarked that the army could solve the problem in hours, a statement many interpreted as a warning. Ms Bhutto's well publicised drugs crackdown ended in

by Mr Yusuf Lodhi, her narcotics adviser, as "the kingpin of the world's heroin trade" had to be released through lack of

Ms Bhutto is certainly con-strained by a debt-ridden econ-omy, a harsh IMF agreement and an overwhelming desire to please the Americans to the extent of putting up with a pol-icy on Afghanistan which many consider untenable, and liable to leave Pakistan stuck with nearly four million well-

Apparently her most trusted party members are too hexpe rienced for her to find a Finance Minister.

But it is hard to explain why she has failed to tackle the country's most pressing socio-economic problems, such as one of the world's lowest literacy rates (26 per cent according to the most optimis-tic figures), one of the highest birth rates (3.2 per cent), and a taxation system under which less than I per cent of the pop-ulation are even registered. Rumours of her ministers' corruption and her husband's involvement in securing lucrative government contracts and licences have stuck.

More telling, perhaps; the parties that were allied with Ms Bhutto in the struggle for

It claims to have the backing of more than 130 of the 237 Assembly members — Ms Bhutto says she has at least 135. She may hang on but confidence in her will be severely shaken and elections seem mevitable.

## Martial law in Peking may be ended soon

By Peter Ellingsen in Peking

CHINESE euthorities have strongly hinted they may be about to end martial law in Peking. According to Yuan Mu. resing. According to Yuan sid, e government spokesman with close ties to Prime Minister Li Peng, martial law had only a "limited tenure in the capital" and "it seems it will be lifted before your long."

before very long". He said troop numbers in Peking had been reduced, and would continue to be so, but he declined to say precisely when the five month long army occupation would finally end.

Diplomats interpreted Yuan's remarks to mean the government was feeling confi-dent enough to consider withdrawing the soldiers who have patrolled the city since tanks and automatic weapons were used to violently put down

pro-democracy protests on June 3 and 4.
Since then, troops have maintained round the clock patrols on crossroads, and key locations, such as the radio and television studios, and mounted up thousands of peoand television studios, and rounded up thousands of people alleged to have taken part in what the Government claims was a "counter-revolutionary rebellion."

According to Zhang Jianmin, the deputy mayor of Peking, the capital had lost considerable researches a result of the

able revenue as a result of the democracy protests and impo-sition of martial law. He said tourist numbers were down from 1.2m last year to an expected 700,000 this year. Tourism revenue had fallen from \$770m in 1988 to an anticipated \$500m. Mr Zhang's estimates for this year seemed optimistic, and steeper losses

in tourism are expected. The justification for maintaining martial law has been an alleged threat to public order from so-called counter revolutionaries, but the Government appears to have arrested all but two or three of the nominated 21 student lea ers and organisers of the independent workers' union.

### UN refugee chief resigns after rows

BY Michael Littlejohns, UN correspondent, in New

THE UN High Commissioner for Refugees, Mr Jean-Pierre Hocké, is to be replaced, fol-lowing a series of incidents that have embarrassed his agency and adverse reports on his conduct.

In accepting Mr Hocke's resignation, effective on November 1, the UN Secretary General, Mr Javier Pérez de Cuellar, said yesterday that Mr Gerald Hinteregger, the Austrian executive director of the UN Economic Commission for Europe, would become interim High Commissioner, pending the selection of a successor by the General Assembly.

Mr Hocké, a 51-year-old Swiss national, was appointed to the post in 1986, after having served as operations director of the International Committee of the Red Cross.

His tenure has been embroiled by controversy, including a bizarre incident early last year, when he ordered the burning of all 130,000 copies of the agency's magazine because it contained a critical article about West Germany, an important donor state thet he was about to

The Danish Government has

begun an investigation into reports that a special fund it established for refugee education when the former Danish Prime Minister, Mr Poul Hartling, was High Commissioner had been tapped by Mr Hocke and his wife for first-class air travel at a time when the agency was making economies. In his letter of resignation to Mr Pérez de Cuellar, Mr Hocké spoke of "anonymous and pub-lic attacks" over the last two years. He said the increased controversy crippled his capac-ity to fulfil his principal responsibility towards refugees in need.

# Australian inflation climbs to 8% By Chris Sherwell in Sydney

AUSTRALIA'S annual inflation rate, already significantly higher than those of its main trading partners, has surged back to the 8 per cent mark for the first time in two years.

Figures released yesterday by the Bureau of Statistics put the consumer price index for the three months to September 2.3 per cent higher than the previous quarter.

The Bureau pointed out that, on recalculated numbers up to the March quarter, when the basis of its computation was altered, yesterday's annual figure would have been still higher, at 8.3 per cent. Despite the disappointing

trend Mr Paul Keating, the federal Treasurer, said he stood by his August budget forecast for the fiscal year to June 1990 of an average infiation rate of

7.5 per cent.

The biggest contribution to yesterday's rise came from housing costs, caused by increases in mortgage interest rates and house prices, which accounted for more than onethird of the reported rise. Food added another one-fifth, and transport one-sixth.

In a separate development the Reserve Bank lifted its rediscount rate to 18.0 per cent from 17.7 per cent.

The move followed Wednesday's tender for A\$1bn (£500m) of 13-week and 26-week Treasury notes, and was widely

expected.

The rate indicates the price at which the Bank will repurchase Treasury notes from the market, and it has followed a trend which reflects the Government's relentless tightening of monetary policy. Back in December 1987 it stood at 12.5 per cent. It was last at 18 per cent in August 1986.

Yesterday Mr Keating and Mr Bob Hawke, the Prime Minister, both reaffirmed that there was no scope for a relaxation of policy, while the oppo-sition repeated its calls for a change in direction.

change in direction.

The markets rode out the developments which followed two other disappointments on Wednesday: a downgrading of Australia's credit rating from AA+ to AA by Standard & Poor's, and a disappointing current account deficit

Analysis agree that the paucity of good news about the Australian economy angurs badly for the Hawke Labor Government, which faces a general election sometime before mid-1990

before mid-1990 Having made much of its economic management talents, Labor's circumstances are now looking steadily less propitious. But while the opposition Liberal and National party coalition has presented its alternative platform, it is still seeking to establish its credibility as an alternative government. Having made much of its



Keating: stands by budget forecast of 7.5 per cent

# Alitalia ends Abidjan service as flight quotas row escalates

By Mark Huband in Abidjan

**EUROPEAN** airlines operating services to west Africa may be forced to pull out following the imposition of new limits on the number of flights and passengers, introduced to protect the alling local carrier Air Afrique.
Alitalia has already decided to suspend its flights to Abidian in the Ivory Coast, where

the new limits have been intro-

dnced. The last of its twice-

weekly flights to Rome leaves Abidjan today. Amid claims that European airlines are "stealing" African airspace, companies operating services to Abidjan have been told to cut their flights to one a week and the number of pas-sengers alighting at Abidian

will be limited to 100 per flight from November 1. The ruling also affects Ethiopian Airlines and Aeroflot. European diplomats are expecting to see Ivorian Minis-try of Transport officials today to lodge a complaint on behalf of three of the airlines - British Airways, Sabena and Ali-

They claim that because it is a unilateral action by the Ivory Coast it contravenes air service agreements, which have to be negotiated bi-laterally between

It is expected that Swissair and Iberian Airlines will also be represented. In response to the Ivory Coast's ruling, Air Afrique was told on Monday that it was no longer permitted to operate flights to Rome. The row with Alitalia could

seriously damage the Ivory Coast's tourism industry. An estimated \$30m is spent by up to 45,000 Italian tourists who visit the country annually. British Airways is expected to retain its weekly flight at least until January before con-sidering the viability of the

BA, which took over the route following the British Caledonian takeover in 1988 claims the bilateral air services agreement signed in 1978 as RA to have at least two flights if the other country's airline does not operate a service on the same route. Air Afrique has no service to London, and BA was hoping to

The row could seriously damage the Ivory Coast's valuable tourist industry

increase weekly flights to

Abidjan from one to two later

this year.

The Ivorian decision also cuts direct west African air links with Nairobi, east Africa's major business centre. Ethiopian Airlines, which operates nine flights a week between east and west Africa, is to move its operations to the Togolese capital Lome in response to the new restrictions, and passengers for Nai-robi will be re-routed via Addis Ababa. Air Afrique's strategy of taking on European competi-tion by forcing other airlines out of the region, was first outlined during discussion of a French rescue plan for the car-rier earlier this year. The former director general

of the French overseas aid board the CCCE, Yves Roland-

Billecart, was appointed the airline's director general in March following the French Government's decision to give \$90m as part of a rescue and radical restructuring plan. In a statement this week Mr Roland-Billecart said: "France

represents 70 per cent of our market, and we don't want it to be pillaged by companies from other European countries who, under the pretext of liberty, pass through Paris to pick-up and deposit passengers to the detriment of Air Afrique, Air France and UTA. The French business stake in

Air Afrique is considerable with the private airline UTA holding a 28 per cent stake in the airline through its subsidiary Sodetraf. Neither Air France nor UTA

have been affected by the new restrictions. It is now expected that UTA may take-up some of the routes vacated by other European airlines. Air Afrique, with a floot of contracts recomwith a fleet of only six passen-ger and one cargo aircraft jointly-owned by 10 Francophone governments in west and central Africa, cannot hope to replace the European services currently provided despite the considerable profits to be made particularly from

As part of the same restructas part of the same restrict-uring plan unprofitable routes to the Middle East were aban-doned earlier this year and 1,600 of its 5,600 staff will be laid-off by January 1990.

Mr Roland-Billecart also appealed for payment of unpaid capital subscriptions and tickets used by govern-ment officials from countries with a stake in the airline.

Together arrests exceed \$37m.

### Airline crash in east Taiwan claims 54 lives

A CHINA Airlines' Boeing 737 crashed and burst into flames yesterday on a rain-swept mountain in eastern Taiwan, and all 54 people aboard were feared dead, airline officials and witnesses said, AP reports

from Talpel.
The crash occurred near Chia Min, a village of about 2,000 people, five minutes after the plane took off from Hualien, officials said. The jet. was en route to Taipei about 150 kilometers (93 miles) to the . All on board were Taiwanese

except for one man identified only as a 41-year-old U.S. busi-nessman from California, the airline said. China Airlines spokesman Lodge Lo said all 47 passengers and seven crew members were believed killed. Airline officials had earlier said that there were 49 passen-gers aboard the aircraft. Hualien police said about 130 rescuers rushed to the crash site, about 20 kilometers (12

site, about 20 kilometers (12 miles) from the airport. By late night, they still had not reached the wreckage, which was accessible only by foot.

A witness, who identified himself only as Mr. Chang, told television reporters he saw the plane hit the mountain and explode into a base fireball explode into a huge fireball.

Chia Min police quoted rescue workers as saying they believed the fire had been

extinguished by the rain.
"We still cannot figure out why the accident happened. The plane is only 2 years old and it was in good condition,

The airline quoted Hualien control tower officials as saying they instructed the plane to turn right and fly over the sea, but the jet turned left over land instead. No explanation

# election.

the three-party guerrilla coali-tion fighting the government installed by Vietnam.

loan to France made by the late Shah of Iran in 1974. France is claiming compensa-tion for contracts revoked in the early days of the 1979 rev-

Troops are on constant alert, separatist movements in Sind, such as that of Mr Syed, are on

evidence.
Diplomats in Islamabad have been rejuctant to criticise Ms Bhutto, arguing that she meant well but was hindered by conditions she was forced to

agree to before taking office. armed refugees for years to

democracy are now backing the opposition against her. Until Wednesday when the vote takes place it is hard to know whether Ms Bhutto will survive. The opposition's programme barely disguises the differences within the 11-party coalition.

thought capable of preventing a secessionist uprising in the province like that which led to the break-up of Pakistan and

# 'Mission impossible' for an Israeli captain of industry

Hugh Carnegy reports on progress being made by the man charged with reversing Zionist tradition of state ownership

"Mission Impossible" is how Mr Ze'ev Refua refers to the task that faced him when he was brought in from the private sector to take charge of Israel's privatisation programme.

Four years later, he has given himself another six months as head of the Government Corporations Authority to prove whether or not he can, after all, accomplish the "impossible" and in the process reverse a deeply entrenched tradition of state ownership of industry that sprang from the socialist Zionist

ideal on which Israel was founded.

The aim is two-fold to ease the burden of the country'e big national debt by raising some \$5bn over the next few years (this target does not include the planned sale of the Government's majority holdings in the banks, a separate and highly contro-versial issue); and to inject a much needed dose of vitality and efficiency into the moribund economy. Privatisation is regarded as a key part of the attempt to reform Israel's state-heavy, centralised economy into a more open, market-oriented system. At present, etate industry accounts for about 12 per cent of economic activity, but its recent record of profitability is poor. Once at the leading edge of the country's economic development, the state sector has become burdened by bureautor bank, for \$54.000 and that after the sale of IEC followed the sale of cratic restrictions and rigidities which govern everything from investment decisions to wage scales. One of Mr Refue's favourite examples is the fact that any decision to

Government will retain a golden share in companies considered to be of strategic importance

assign a state company car with an engine size larger than 1300cc requires his personal approval. Mr Refua is not promising succes for the privatisation programme, but neither does he lack optimism. His hones were bnoyed in September when the second significant sale of a government owned business cleared its final hurdle, the Knesset finance committee approving the disposal of

75 per cent stake in Paz Oil last year to an Australian investor for almost \$100m and three small-scale flota-tions on the Tel Aviv Stock

tion. "We have proved we can deliver the goods," he says. But he admits that it is the next stage, when the Government moves on to much bigger companies, which will make or break the privatisation drive. The names on the list include Oil Refineries, the monopoly sup-plier of refined oil products, Bezeq, the national telecommunications

The sale of JEC followed thet of a For Mr Refua, the importance of

monopoly, the electric utility Israel Electric Corporation, El Al, the national airline, and — scheduled to be first to go - Israel Chemicals ICL).
This is the biggest state-owned

privatisation attractions because of its strong export and profit record from its core products of phosphates, fertiliser and bromine. First Boston of the US, which 18 months ago produced a master privatisation plan for the Government listing 25 companies to be sold, has produced a prospec-tus for the private placement of a 50 per cent stake in ICL which should raise around \$400m. these lay not so much in the deals themselves but in what they sig-Because ICL faces formidable nalled to potential investors scepti-cal of the commitment to privatisa-

international competition, the Gov-erament decided a majority should be privately placed through invest-ment banks to find a partner for the business, rather than floating it off by itself. Minority stakes will be sold later to the public and employees. Similar treatment is being planned for Oil Refineries and Elta, a suc-cessful subsidiary of Israel Aircraft Industries, which makes electronic weapons systems

group with turnover of more than \$1bn. It has always topped the list of

Smaller companies with values of less than \$20m will be sold directly by the Government to private investors, leaving a third category of companies to be sold through public offerings. These include Bezeq and

The obstacles still to be overcome in all these categories are considerable. El Al, though back in profit, is etill in receivership. In the case of Oil Refineries, the planned sale is complicated by the rigid, monopolistic energy distribution system in Israel. Reforms to free the market before privatisation are planned, but

One striking feature is that both Likud and Labour are unanimous on the need to privatise

though these may improve the long-term prospects for Oil Refiner-ies, finance ministry officials say they could mean a drop in revenues

in the short term. Advice to the Government on Bezeg, which has a value of about \$1.5bn, says that before an intended initial 10 per cent tranche is floated on the Tel Aviv Stock Exchange, tariffs will have to be raised to make it

issue which unites Israelis, it is on the perceived high price they pay for a dismal telephone service.

Another significant factor in the case of a number of companies is their strategic importance to a country still officially in a state of war with most of its neighbours and subject to the Arab trade boycott. This is one of the reasons why the Government intends to retain an ultimate veto over most in the shape of an open-ended "golden share", even when it holds zero equity.

more profitable. Yet if there is one

Politically — especially given the past ties between the state sector and the development of the nation a striking feature is the near unanimous agreement among ministers in the Likud-Labour coalition about the need to privatise. This bodes well for the programme, but each sale is subthe programme, but each sale is subject to the approval of the Knesset finance committee, which raised a number of objections to the JEC deal before finally giving it the nod.

Mr Refus knows all these pitfalls better than anyone. He has decided to return to private industry next spring, by which time, he says, the watershed will have been reached.

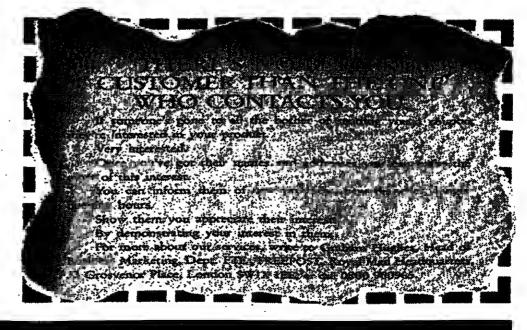
FINANCIAL TIMES FRIDAY OCTOBER 27 1989

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# Brady seeks more reform in regulation of markets

FURTHER reforms in the regulation of financial and securities markets are needed to deal with unstable conditions, Mr Nicholas Brady, the Treasury Secretary, argued

yesterday.

Before taking up his present post in August last year, Mr Brady not only ran the Dillon Read securities house in New York but also headed a presidential commission investigating the slump in share prices of October 1987.

Testifying yesterday about pending legislation, Mr Brady argued that the Securities and Exchange Commission needed more powers.

In particular, the administra-

tion now believes legislation is needed to speed the process of co-ordinating clearance and settlement of futures, equities and other products that cross financial markets. This differs from the earlier view of the working group of financial reg-ulatory agencies, which argued that the issue should be left to the private market.

But yesterday Mr Brady said that clearance and settlement remain the weakest link in the system" and therefore the administration supports a probill before Congress that would direct regulators to co-ordinate

clearance and settlement. Mr Brady said the working group on financial markets was to be asked to reconsider



Brady: wants new rules

issues related to stock and futures margin requirements. Previously, this group had concluded that minimum margin requirements prevailing last week were sufficient for prudential purposes and were con-

sistent between markets.
But subsequently, he noted, futures markets had reduced their minimum margin requirements to levels even lower than before the 1987 collapse. "This raises questions about whether futures and equity margin requirements are consistent at these levels and whether futures margins are adequate." He was "very concerned about these issues".

The only difference from tes-timony given yesterday by Mr Richard Breeden, the new

chairman of the SEC, was over whether the commission should be given the power to halt trading in times of emer-

gency.

Mr Breeden has said he does not want such authority, which at present rests solely with the president. But Mr Brady has argued that such a change is needed since the im-tial governmental response to market emergencies should come "from a regulator with expertise and proximity to the markets". Mr Brady warned Congres

against going too far in its attempt to eliminate market volatility. "We cannot and should not attempt to eliminate major market moves, whether by legislation or regu-

He argued that the sharp drop in share prices two weeks ago did "not signal any fundamental change in the condition

of the economy."

The system, he said, "had functioned well on October 13. Few, if any, of the operational problems that we witnessed in 1987 occurred, and the systems that were put in place over the last two years to address mar-ket declines appeared to work reasonably well."

The most pressing concern of financial regulators was "market overhang", or unfin-ished business that could have flooded the market with sell

# A region out to show it has come of age

Tim Coone looks at today's meeting of Latin American leaders in Costa Rica

S A reminder that Costa Rica's democracy was not always so peaceful and civilised as it is today, bullet holes can still be seen in the outer walls of the old Bella Vista barracks in San

Now the National Museum, 40 years ago it was the scene of an attempt to overthrow the government of Don "Pepe" Figueres, the founder of the rigueres, the founder of the ruling National Liberation party (PLN), who had come to power a year earlier by leading a rebellion against a government that stole the elections from his party. The PLN is now one of the best-established social democratic parties in social democratic parties in Latin America.

This weekend President Oscar Arias will make a speech on the steps of the museum to commemorate 100 years of Costa Rican democracy. He has invited heads of government from across the American continent to use the occasion to discuse six topical themes dubbed as the 6 "Ds" — democracy, debt, development, deforestation, drugs and disarma-

The three notable absences from the guest list are Cuba, Panama and Chile. Eighteen

present today, as will 1,500 journalists who have con-verged upon San José, and a similar number of members of the official delegations (800 from the US alone). The local hotel and car-hire businesses

But what is it all for? Plenary meetings will last only four hours over the two-day summit. No final document is to be produced. Diplomats say to be produced. Diplomats say US President George Bush does not want to put his name to anything that might also be signed by President Daniel Ortega of Nicaragua.

With the latter in an election campaign, the US is concerned that signs of a rapprochement might favour Mr Ortega at the errense of his opposition. For

expense of his opposition. For the same reason a much specu-lated-on Bush-Ortega encoun-ter has also been firmly ruled

Mr Bush however is due to meet Mrs Violeta Chamorro, the main opposition candidate in the Nicaraguan elections, as well as leaders of the Panamanian opposition. Indeed, as far as the US is

concerned Panama and Nicaragua are the two key issues of the San José summit, in the former case to try to rally sup-



Arias: discussing the six "Ds"

against Panama's military leader, General Manuel Anto-nio Norlega, and in Nicara-gua's case to maintain diplomatic pressure to ensure fair elections there next February. elections there next February.
Mr Arias and the Latin
Americans though have their
own particular interests to pursue. According to close aides of
Mr Arias, even though a final
summit document has now
been ruled out, he still hopes
the meeting will mark the
beginning of a new Latin
American-US relationship hased on an understanding that Latin America has come

of age and deserves to he treated as an equal partner. His successful Central American peace initiative during the Reagan administration won him the Nobel Peace Prize and the opprohrium of the hawkish right in the US.

Diplomats say it is a message that will not be lost on the new Bush administration, though, especially given Mr Aries's diplomatic support for the US over Panama.

The summit will meanwhile give Mr Bush a chance to meet most of the continent'e leaders on both a multilateral and bilateral basis. That in itself is being seen as a significant outcome of the meeting and an opportunity for Mr Bush to give substance to his declared policy of promoting aco-opera-tion with Latin America. Interest is also focusing on

Mr Ortega. His conciliatory approach at last August's Cen-tral American summit made a deep impression on the Arias team. "He has become an able and mature diplomat," said one Arias adviser. He may offer some initiatives but the Nicaraguan delegation of over 100 members is playing its cards very close to its collective chest. The worst-kept secret in

town, however, is that the Canadian Prime Minister, Mr Canadian Prime Minister, Mr
Brian Mulroney is today to
announce Canada's entry into
the Organisation of American
States (OAS), thereby opening
a new phase of Canada's relations with Latin America which can be expected to have both political and economic

ramifications.

Mr Mulroney is due to speak immediately after Mr Arias's summit opening speech - a schedule which has upset the Argentines, who wanted President Carlos Menem to speak second. For Mr Menem, the summit is an important opportunity to project himself as a Latin American leader and, as one summit organiser, said "to bring Argentina in from the cold".

For those left out in the cold, Panama, Cuba and Chile, they can expect to receive a stern finger-wagging from most of those at the summit. Of the six "Ds", democracy and drugs are expected to be the dominant themes and Panama fails on both counts.

As Mr Arias speaks outside the National Museum, the symbolism of what happened there 40 years ago will not be lost on those focusing today on Costa Rica's neighbour, Panama."

# US gross national product up 2.5%

By Anthony Harrisin Washington

US real gross national product rose at an unchanged annual rate of 2.5 per cent in the third quarter, according to the advance estimate from the Department of Commerce, pub-

The composition of national demand changed sharply, how-ever, A 1.4 per cent rise in consumer sales — mainly cars
— after a flat trend more than
offset a \$22bn fall in real net
exports, and smaller falls in house-building and federal

spending.
Mr Nicholas Brady, Treasury
Secretary, told the Senate
Banking Committee he was

figures which showed "good, solid growth and a lowering of

Mr Michael Darhy, the Under-Secretary for Commerce, said that the most disturbing element of the GNP report was the deterioration in the real balance of trade. He predicted. however, that the trade balance would improve through

the rest of the year.
Falling energy prices had a considerable impact on the figures. The fixed-weight price deflator, considered the best indicator of underlying infla-tion, fell to an annual rate of Banking Committee he was 2.9 per cent from 5 per cent in pleased with the third-quarter the previous quarter. But Dr Michael Boskin, chairman of the Council of Economic Advis-

the Council of Economic Advis-ers, said that this figure was probably below trend.

Energy prices also largely explained a 1 per cent fall in-the import price index over the quarter and it further seems likely that higher imports of cheaper oil contributed. cheaper oil contributed to the rise in price-adjusted imports. The boom in car sales accounted for 40 per cent of the total rise in GNP. Durable goods purchases rose at an annual rate of 15 per cent during the quarter, more than twice the growth rate of 1988. Brady seeks more reform,

# Tax package entangled with East European aid

By Peter Riddell

THE increasingly bitter battle over reducing US capital gains tax has become entangled with the Senate's debate over the the Senate's debate over the US aid package for Poland and Hungary. This threatens to cause delays to both proposals, as well as to legislation needed by next Wednesday to increase the federal debt ceiling.

This meas has led to heated exchanges between the White House and the Democrat congressional leadership.

gressional leadership. Senator Bob Packwood, the

main Republican sponsor of a capital gains tax cut, included it as an amendment to the large Eastern European aid package. Senator George Mitchell, Democratic majority leader, warned yesterday that this was "an unwise and unfortunate action that will obviously cause delay and perhaps permanent defeat of Pol-ish and Hungarian aid". He criticised the administration for putting the issue of capital gains above the international

need to help the new democra-cies in those countries. There are now at least four different sets of East European aid packages — \$451.1m (£280m) proposed by the administration, \$585m by Republican minority leader Senator Robert Dole (without official White House backing), \$837.5m by the House nacking), \$837.5m by the House of Rep-resentatives, and \$386m by the Senate Democratic leadership (scaled down from \$1.2bn pro-posed by the Senate Foreign Relations Committee).

The eventual package will prohably he somewhere between the House and Democratic Senate versions.

### star enters poll fray **Brazil TV**

By Ivo Dawnay in Rio de Janeiro

A TELEVISION variety show host better known for knockabout wisecracks than political know-how has hrought both farce and fear to Brazil's first free presidential election for 29 years. With just three weeks to go before the first round of polling, Mr Silvio Santos has let it be known that he is ready to stand for the country's high-

est office if any party wants him as its candidate. Despite a certain physical resemblance to the character of The Joker in the current cinema blockbuster, Batman, Mr Santos is deadly serious and so are his supporters. His candi-dacy is supported hy many members of the country's second largest party, the Liberal Front (PFL), who are now try-ing to dump their candidate, Mr Aureliano Chaves in his

He is also flirting with the Liberals (PL) whose hopeful,

Mr Guilherme Afif, is said to be ready to step down.
But the prospect of a Santos candidacy has sent shock waves through the business community. They fear he could easily take enough votes away

from the front-running caped

crusader for economic liberalism, Mr Fernando Collor, to let in the hard left. On Wednesday, leaders of the São Paulo Industries' Federation (Fiesp) publicly criticised his intervention as upsetting the election and damaging the country's international reputation. One businessman warned: "Silvio would cause

havoc. I do not know if the country could take the consequences. The black dollar also reacted, leaving to over NCz12 a margin of over 140 per cent against the official exchange rate. That alone confirms the popular view that Mr Santos

would take a sizeable propor-tion of the vote, as have polls earlier in the year showing

him a strong third.

A former barrow boy turned multi-millionaire owner of Brazil's second largest television network, he has a huge work-ing class following, largely derived from his day-long quiz and variety show, aired every Sunday, Armed with a vast, toothy

smile, and the kind of folksy integrity cultivated by game show hosts, Mr Santos's appeal rests in his image as an entirely unpolitical man of the people. His only known political opinion is a general predis-position towards a liberal eco-nomic outlook.

A Santos candidacy would provoke a barrage of legal objections to the electoral authorities and it remains unclear whether he would be allowed to stand.

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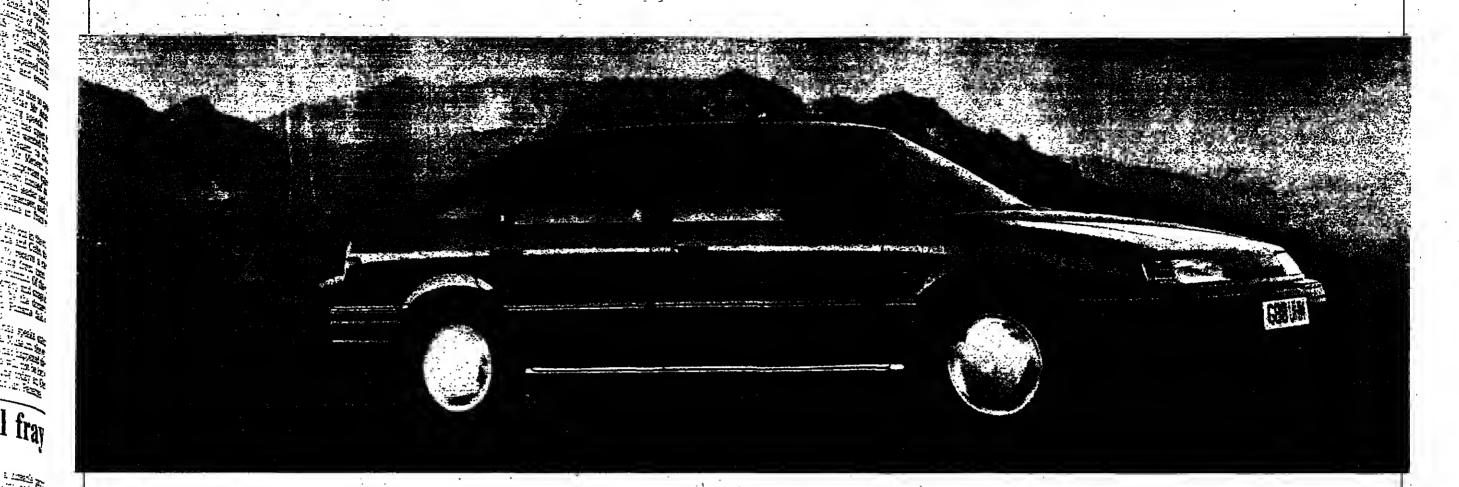
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# Lome meetings move towards critical stage

By Tim Dickson in Brussels

CONCERN at the wide variety and deep complexity of unresolved issues will mark the opening in Luxembourg today of the critical final round of trade and aid talks between the European Community and 66 African, Caribbean and Pacific

A financial package worth more than Eculobn is at stake in negotiations over the so called fourth Lome Convention, as well as special access to the EC for a range of agri-cultural and industrial products from developing coun-

The process of renewing the present agreement, which expires in February, 1990,

began almost a year ago. Although similar resolutions have been frustrated in previous Lome negotiations, EC diplomats say that the French Government is determined to reach an agreement before the end of its six-month Presidency. Others point to the growing obsession within the EC with East/West politics and the relatively lower level of interest in North/South affairs.

traditionally shunned ties with white-ruled South Africa, is

boying coal from Pretoria, a

S Africa sells China coal

At this stage even the size of the EC aid on offer is not known, although the ACP delegates hope that EC Foreign Ministers will specify a figure

Mr Manuel Marin, the EC Development Commissioner, and the French Government have both been attributed with privately wanting Ecul2.8bn but the UK Government is understood to have been considering a "substantially lower total.

The main difference between these and previous Lome talks is the EC's new emphasis on providing "structural adjust-ment" support - an element which Brussels considers inevi-table given the fact that about half the recipient countries already have structural adjustment programmes with the International Monetary Fund

The EC wants to strike a more sympathetic note than the Bretton Woods institutions, but the question outstanding is to what extent this approach will be kept separate from the traditional aid support.

policy could be noticed. China...has begun to import South African steam coal," the The United States and sev

"For a long time China, as a

socialist country, did not main-tain trade relations with South

Africa. Lately a change in this

# Commission Islamic grid may not be pylon-in-the-sky questions French airline pact

By Tim Dickson in

FRANCE and the European Commission are set for another battle over competianother bettee over competi-tion policy following a deci-sion by the Brussels executive to "engage in a dialogue" over the terms of a controversial

the terms of a controversial route sharing agreement between Air France and its domestic rival Air Inter.

The issue is delicate because the Commission is engaged in a broader investigation of the French air transport industry.

A decision will have to be taken soon, for example, over taken soon, for example, over the complaint of another French airline, UTA, that the Paris Government has rejected its application to fly to various European destinations, while the cross shareholdings in Air Inter (in which UTA and Air France both have a 35 per cent stake) has also been put under the Commission microscope.

Besides the inevitable French pressure being exerted in Community corridors, the attitude of the Brussels authorities may be shaped by tactical considerations during discussion of the Commis-sion's latest airline liberalisation package.

France is known to be distinctly lukewarm about aspects of these proposals and there are those in Brussels who feel that tough application of the competition rules in the cases now being scrutin-ised will only complicate nego-tiations in the Council of Min-

# Tony Walker reports on proposals for huge regional electricity networks R MOHAMMED Maher Ahaza, Egypt's Electricity Marie

Electricity Minister, could not be accused of allowing small problems like lack of money and disbelieving colleagues, stand in the way of his grandiose schemes.

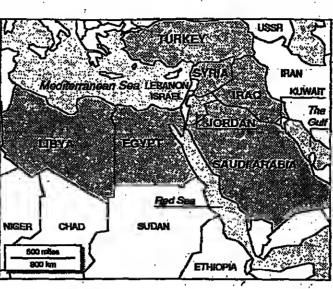
cabinet dominated by cautious technocrats, the talkative Mr Abaza appears on the verge of seeing some of his more improbable dreams come true, and in the process, to his immense satisfaction, he is

confounding the sceptics.

"The projects that I had thought of (to link Egypt with the power grids of Europe) are going to be more than a dream," he said in an inter-

Several years ago, when Mr Ahaza first began talking about developing pan-Arab and pan-African power networks to share energy regionally, and also to tap into the European grids through Morocco and grids through Morocco and Turkey he was not taken seri-ously. Today, steps are under way to link Egypt with Jordan, and studies have been commis-sioned into developing African and Arabian regional networks. The latter, to include Turkey, is being referred to as the "Islamic grid"

A boost was given to plans for the grid when electricity. ministers from Jordan, Egypt, Iraq, Syria and Turkey agreed in Ankara earlier this year to co-operate in building a regional network that would eventually be connected with Europe. The proposal for an Islamic grid is just one of a number of regional schemes being etudied at present. Among various new develop-



grids by cable under the Gulf of Aqaba.

for Economic and Social Devel-opment-financed \$850,000 conact to a Canadian consortium of Hydro Ontario and Hydro Quebec International to draw up a "master plan" for the Islamic power network.

• Plans by the African Development Bank to commission the same Canadian consortium to conduct a \$5m feasibility study into building an African network linking Egypt, Zaire, Sudan, the Central African Republic and Morocco.

Plans to link the Egyptian and Libyan power networks following this month's rapprochement between the previ-ously estranged neighbours.

linking Egypt and Sandi Arabia's electricity systems. The award of a \$1.26m contract to Hydro Quebec in association with Canada's Lavalin International and several local

groups to study the possibility of linking Gulf Co-operation Arabian peninsula network.

Council states - Saudi Arabia, Qatar, United Arab Emirates, Advanced plans to join the North and South Yemeni.

stage with plans for a regional, network. "Economic concerns are the main issue for the par-ties to the agreement," he observed. The minister is being a little ingenuous in suggesting that political factors are insig-Bahrain and Kuwait – in an nificant. Cairo's own interest in joining its power grids with its southern neighbours serves

Egypt and US sign \$136m power deal By Tony Walker in Cairo EGYPT and the United States have signed a \$136m agreement to rehabilitate and extend

existing power stations as part of Egyptian efforts to maximise generating capacity. The US embassy said the aim of the project was to increase generating capacity, to rehabilitate existing generating facilities and to utilise power station and the refur-

more fully natural gas as the fuel for generating electricity. The programme, to be funded by the US Agency for International Development, includes the construction of a combined cycle unit at the Cairo South power station, the overhaul of the Cairo West

• Studies into the possibility of building a new 12-nation

Mashreq power system based

on the six states of the Gulf Consultative Council, the two

Yemens, Iraq, Jordan, Syria

Mr Abaza estimates that the

Islamic Grid will be completed

within about five years. The pan-African scheme will take considerably longer, and it is most unlikely that the first

phase linking Egypt and Zaire would be completed this cen-

tury. Egypt's Electricity Minister

believes that regional net-works, and the sharing of

power surpluses, would lead to huge savings for the partici-pants. He said that among the

five signatories to an agree-ment to establish the Islamic

grid, Iraq and Turkey had large reserves of electricity which

could be shared regionally.

Mr Abaza said political diffi-

culties between Syria and Iraq

- the two regimes have been at loggerheads for years - were not interfering at this

and Lebanon.

nnmber of .

a useful diplomatic purpose by helping to emphasise Egypt's

African dimension:

Egyptian concerns about the
security of its Nile water supplies has obliged it to nurture
its African links, for the river

rises in two African states and

flowe through several others

on its passage to Egypt.
Egypt's recent scare over the
long years of drought in its
African hinterland and the

consequent reduction in water

consequent reduction in water flowing through the great turbines of the Aswan high dam is another factor that has prompted the Egyptians to attempt to tap into a strategic reserve of electric power.

Electricity Ministry officials make no secret of the fact that for the foreseeable future Egypt, will not be generating

Egypt will not be generating

sufficient electricity to meet

demand at peak periods. The authorities are fighting a tough

battle to increase generating capacity at a fast enough rate to cope with demand which is

expected to rise at an average annual rate of 11 per cent for the coming decade.

Surpluses available from its

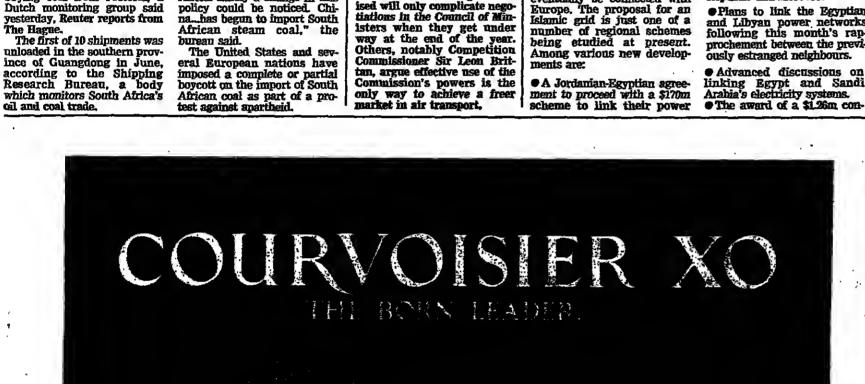
neighbours would help to ease pressure on Egypt at a time when funds for investment in

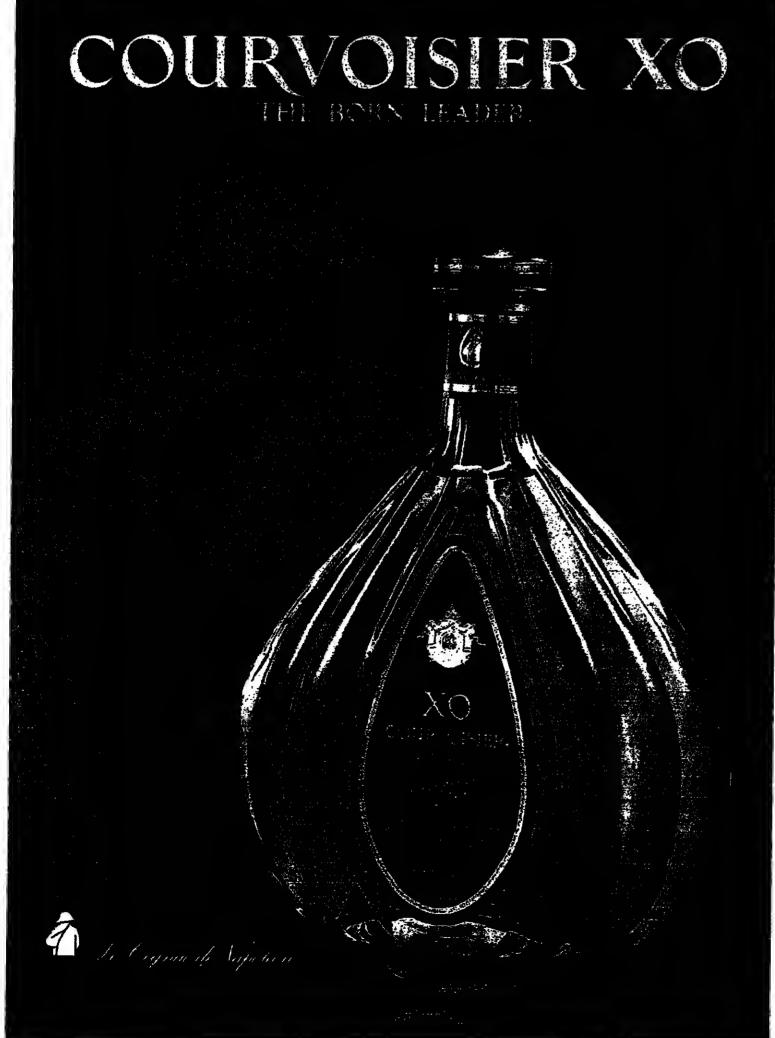
new infrastructure projects are being squeezed. If Egypt could share' the surpluses of others

it would help to solve one of its most critical problems.

African dimension.

The US has stepped up its assistance for energy projects following Egypt's decision earlier this year to increase elec-tricity prices. The Americans had been withholding more than \$300m in assistance, pendbishing of gas turbines at a ing action on prices.





# **US** grants Hungary MFN status

BY Nancy Dunne in

US PRESIDENT George Bush yesterday, halling "the rebirth of Hungary as an entrepreneurial nation." formally signed legislation granting Most Favoured Nation (MFN) trade benefits to Hungary on a per-

The signing came after Hungary last mouth met US criteria for MFN status by codifying a free emigration law.

President Bush has been strongly criticised for offering Hungary only \$25m to establish an enterprise fund, \$5m to open an environmental centre

and \$6m for a cultural and exchange programmes.

But he insisted yesterday that the "we're not passive observers" to reforms in Eastern Europe. "Let no one doubt our commitment to freedom'e success in Eastern Europe, for we know that we are privileged to participate in a very special moment in human history," he

Mr Fred Zeder, president of the Overseas Private Invest-ment Corporation (Opic), the US agency which insures investors in developing nations against political risk, two weeks ago visited Hungary and signed an agreement to extend Opic's coverage there, although Congress has not yet authorised the move.

President Bush has also promised to grant MFN status to the Soviet Union, once a law allowing free emigration is in place. There is speculation in Washington that President will grant at least temporary MFN to the Soviet Union at his spring summit with Soviet Leader Mr Mikhail Gorbachev.

# Uncertainty on farm talks

By William Dullforce in Geneva

AFTER THE European Community's swift dismissal of the latest US proposal on farm trade reform, the question in Geneva yesterday was whether Washington's initiative will help the talks forward or return them to the deadlock between Washington and Brussels that nearly stalled the

Uruguay Round last year. initially, the US paper was applauded as the first attempt. to co-ordinate in one programme all the elements that would have to be negotiated, if the costly distortions in farm

Support from the 13-nation Cairns group of farm exporters was not surprising. But, significantly, the US proposal was warmly received by the Latin American countries within the group, such as Argentina, Brazil and Uruguay, which had halted the trade ministers' meeting at Montreal in December because of their anger over the impasse in the farm talks. Japan, the biggest net food importer, had reservations about the practicality of the US

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trade are to be removed.

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210	149	Bardon Group (SE)	162	ō	4.3	2.7	15.7
125	103		104mi		6.7	6.4	
123	80		80	ō	5.9	7.4	7.1
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104	100		304	ŏ	110	30.6	
105	285	CCL Group Ordinary	290	+2	14.7	5.1	3.6
L76	168	CCL Group 11% Com. Pref	171	0	14.7	8.6	
25	140	Carbo Pic (SE)	210	-2	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	
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5	0.75	Magnet Gp Non-Voting O Car*	0.75sus	ō	-		
30	119	Ists Group :	122	-2	8.0	6.6	7.0
45	58	Jackson Group (SE)	110	ō	3.6	3.2	12.6
22	261		295	0.			
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17	140	Torday & Carlisle Cay Pref	110	ō	18.7	9.7	20.7
22	84	Trentan Holdings (USM)	-86	Š	2.7	3.2	9.2
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95	355	Veterinary Grag Co. Ltd	366	0	22.0	6.0	9.4
70	325	W.S Yestes	327	ā	16.2	5.0	27.3
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### **UK NEWS**

# Nigel Lawson: sometimes a radical, always an odd man out in politics

MR NIGEL Lawson has always been e bit of an odd man out in politics. Odd because or an oun man our in pointes. Our recession, politics was not his natural profession, it hough what his natural profession is remains unclear, writes Malcolm Rutherford, Possibly it is journalism, in which he

has at times excelled. Odd also because he did not have a natural party allegiance. True, he bas always been a conservative, but a conservative with a small "c" in the sense of someone who does not believe in unnecessary change. That did did not prevent him from being radical when he wanted to be: for example, on tax reform, where he always have wished to go further than the

Odd again because of his great intelligence. This is sometimes deceptive. Lawson has a self-avowed lazy streak: he has never liked doing unnecessary work and has often found it difficult to do almost anything on time — even as a journalist.

The laziness, however, never concealed to anyone who knew an intense intellection who knew an intense intellection.

tiral concentration whenever he was genu-inely interested in a subject.

He did not do a great deal of work on the last budget, leaving the details to Mr Norman Lamont, then the Financial Secre-tary at the Treasury. But that was because the budget was largely about technical

Mr Lawson had put in his on work ear-

lier, both when in the first years of Mrs Margaret Thatcher's Government he was Financial Secretary himself and devised the medium-term financial strategy and a guiding force behind the abolition of exchange control, and later as a tax-cut-ting Changellor

He is an odd man personally, as well, in that so few people seem to understand him. "I have never tried to make myself liked or popular," he has said many times. And on the surface that is true. But Mr Lawson has also said, more privately, that he sometimes regretted it.

The possibility of his being a candidate for Mrs Thatcher's succession clearly

bound to do in a man who was one of the architects of the Tory victory at the last election. But he also admitted that if he was running for the top, he should have started training earlier.

He would have liked to have been For-

eign Secretary. That again was a late conversion. Like other notable Conservatives Viscount Whitelaw, for example – he did not much like foreign parts. Mr Lawson came to see, however, that British foreign policy had become considerably dependent on British economic policy, and global policy was guided at least as much by the Group of 7 as by Nato.

The oddest fact of all – and this will

history of the Thatcher period is written
- is that Mr Lawson and Sir Geoffrey
Howe, were not personally close to each
other. Mr Lawson as Financial Secretary was a key adviser to Sir Geoffrey as Chan-cellor. He also became Sir Geoffrey's successor, just as he would have like to have taken over from him at the Foreign Office, though was perhaps too reserved to push

It was not that they did not like each other. They were just temperamentally dif-ferent: Sir Geoffrey the worksholic, Mr Lawson the brilliant mind which was applied only by fits and starts.

If the pair of them had decided to work

some years ago, they could have changed a great deal. Certainly yesterday's events would not have happened. The Chancellor and the Foreign Secretary could have gone to the Cabinet and argued the case for full British membership of the European Mon-etary System. They never even tried. Apart from temperament, there was per-haps one other reason. Mr Lawson wanted

to join the exchange rate mechanism pri-marily for economic reasons. Sir Geoffrey's reasons were overwhelmingly politi-cal. Mr Lawson has never been the keenest European. For Sir Geoffrey, Europe became all. Thus the two drifted apart, and we now know some of the conse-

# Major moves in to limit damage at the Treasury

By Philip Stephens

MR JOHN Major, one of the leading contenders to succeed Mrs Margaret Thatcher when she eventually steps down as Conservative leader, has always wanted to be Chancellor of the Exchequer.

But the sixture travers of his

But the circumstances of his elevation yesterday were even more stunning than those which led to his appointment as Foreign Secretary just a few months ago in Mrs Thatcher's cabinet reshuffle.

The instant view at West-minster was that the Prime Minister had decided yesterday that she had to try to limit the immense damage caused by Mr Lawson's resignation by appointing a successor who would win the confidence of both fellow Conservatives and the financial markets.

Mr Major is known to have a steady nerve, has experience in the Treasury, and is wellliked by colleagues at West-

The state of the s

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In July, he was promoted dramatically from the relatively lowly, if crucial, cabinet post of Chief Secretary to the Treasury, following the Prime Minister's decision to force Sir Geoffrey Howe to leave the

Foreign Office, Mr Major had spent the previous two years, effectively, as Mr Lawson's deputy after his promotion to the cabinet after the Conservatives' 1987 general election victory.

Ironically, Sir Geoffrey's departure was also closely linked to his forceful advocaty within the Cabinet of full Brit-ish membership of the Euroin Monetary System (EMS). His rise is one of the most meteoric within the Conservative Party in recent history.

Aged 46 and a member of
the 1979 intake at Westminster, his success as Chief Secretary - in balancing the

Government's need to maintain a tight grip on the overall level of public spending with demands from the electorate for more resources for key public services - ensured him promotion. But no-one believed that Mrs Thatcher would reward him so

handsomely. And no one even dreamed that, within months, he would be taking Mr Law-son's place at No 11 Downing Mr Major is one of the more interesting — and like-able — of senior politicians at

Westminster. Most of his Conservative colleagues can be labelled fairly easily but the best one can offer for Mr Major is practical. He is deeply enthusiastic about the Government's economic strategy and its empha-sis on individual freedom. Viewpoint: A dignified and necessary exit

in the least surprising. There are many face-saving devices she could have adopted if she had really wanted Mr Nigel Lawson to stay. She could for instance have asked Sir Alan Walters to do what he in the end actually did off his own bat - that is resign - and

retain her Chancellor.

The inescapable conclusion is that Mrs Thatcher was content to see Lawson go, rather than yield an inch, as she pre-viously was determined to remove Sir Geoffrey Howe from the Foreign Office. So Lawson did the only hon-

ourable thing in resigning in a letter, characteristically brief and to the point. The Prime Minister is now in her bunker and we await the post-Thatcher era. There is one thing on which I will stake my reputation. This is that the constant flow

of rumours and speculation

about Thatcher and Walters was undermining the pound, the economy and the prospects for jobs and inflation. For me the most revealing episode was not the essay which Walters sent to the Financial Times, but the spate of rumours on the earlier weekend, after base rates had risen to 15 per cent, saying that Thatcher and/or Walters did not support the base rate

rise, wished to leave sterling to

its own devices and would not

THE willingness of Mrs
Thatcher to lose her distinguished Chancellor of the Exchequer is characteristic of very late Thatcherism, but not and the subsequent weakening of sterling was predictable. A series of such undermining epi-sodes going back over 19 months has resulted in sterling being lower and interest rates

higher than would otherwise

be necessary. And we have not seen the end. This was a textbook example of what happens when a head of government has neither the courage to support his or her finance minister nor the cour-age to sack him. But in the end the Prime Minister used the Walters episode to construct the government even more in

her own image.

This is not the time for a technical discussion of exchange rate policy and the EMS about which I have written many times. But it is worth pointing ont that Lawson, together with Sir Geoffrey Howe and other discarded figures such as Mr David Howell were the real intellectnal authors of the revival of free market economics as a practical government strategy; and the Prime Minister's main contribution was to interpose ber

famous instincts. Obviously, Mr Lawson can-not be bothered with some of the small change of politics, did not strive to create a personal following and had little feeling for press relations and all the other ingratiating its own devices and would not devices of a modern minister. sanction further increases to Nor did he have his own "Wal-

As a result the only disagreements which became widely known were rather technical ones, emanating from the financial markets, which baf-fled most people. But Mr Lawson has been thwarted on more down to earth issues. On some

onslaught on fiscal privileges of pension funds, the political difficulties were formidable. But there were other issues on which economic logic and political common sense pointed in the same direction. Mr Lawson was one of the few ministers who predicted poll tax would be a political disaster. Nor was he allowed to limit mortgage interest relief to the

such as carrying further the

basic rate taxpayer.
Mr Lawson's achievements go back longer than people realise. His first was when as a junior Treasury Whip in oppo-sition, he took advantage of Labour divisions to push through the indexation of the personal tax system, despite head shaking from some on his own side.

His next achievement was as Financial Secretary in 1979 when he spearheaded the overnight removal of exchange controls - only comparable to the Erhard bonfire of controls in to 1981 when he was looking Germany in 1949. It was Sir for a form of monetary con-Geoffrey and Mr Lawson who were confident of taking this leap into the unknown, while and high public spenders on people like Thatcher and John his own side of the House. He Biffen who talk of "not bucking markets" were hesitant and cautious.

The end of exchange control, coupled with the phasing out objective had a chance of

of investment subsidies in Mr Lawson's first 1984 bndget, paved the wey for the vast improvement in the rate of return to British industry - by making it more difficult for those who could not earn such a return to continue.

Another little known achievement was Mr Lawson's

role in building up coal stocks as Energy Secretary - which enabled the Government to beat down the coal strike. That victory was not only a landexcessive union power, but did far more to restore the rule of law than any number of tough law and order speeches.

Mr Lawson will of course also be remembered for the launching of the Medium Term Financial Strategy. Of course this has been damaged by the difficulty of finding a good measure of the money supply to target - despite the assur-ances of technical monetarists that such choice would present no problems. But the fiscal side is very much alive and the monetary side is bound to be

taken up again. Mr Lawson's flirtation with the European Monetary Sys-tem goes back much earlier than people realise - right back to 1981 when he was looking straint which would not be easily defeated by the defeatists rightly saw that a commitment to the EMS could gain the support of a much wider coalition than any domestic monetary

flationary policies when the going gets tough, this insight is worth preserving. It was unfortunate that Lawson pre-ferred to move towards a link rather than to draw upon the element of European idealism, which be perhaps found too sentimental or imbued with

wishful thinking. in any case, whatever the temporary setbacks, Lawson has demonstrated that there is no such thing as going it alone in running the pound; and some successor is sure to build on his foundations.

I am prepared to lay my head on the chopping block to say that he will also be remem-bered for the 1988 budget which chopped off high marginal tax rates that could only be justified by resentment and envy. Characteristically the measures to help those at the lower end, via National insur-ance came in a separate budget, which Lawson was reluc-tant to call "a budget for the poor" although it certainly helped in that direction.

Of course there were mis-takes. To my mind the worst in which the Prime Minister was involved up to the hilt was the decision to let sterling slip when oil prices fell in 1985-86 thus momentarily seizing a competitive advantage but sowing the seeds of present difficulties.

This whole episods would not have been possible had not Mrs Thatcher vetoed the first Lawson attempt to join the

doing. Given the national EMS. For the whole advantage reluctance to stick with anti-in- of rules is that it prevents people from yielding to their own opportunisms – which in this case was backed by all the expert advice.

During the Thatcher heyday, Mr Lawson could probably not have forced through EMS membership, even if he had had a Cabinet majority. His mistake was not to use the period of his own ascendancy to force the issue through. And I have said before that he should have resigned in March 1988 when the Prims Minister overruled his D-Mark policy with a schoolmistressy dress-

ing down.
The one happy feature of the resignation is that Mr Lawson has left young enough to continue his career elsewhere. I very much hope that it will still be in the area of national or international public policy, at least some of the time.

Nor do I despair of the Brit-ish economy. This is now strong enough - despite the rubbish that is written about the trade figures - to withstand the vagaries and waverings of policy. The effort to build a bumane market economy which is different from trendy talk about the environment and throwing more public money at everything - will be resumed - I do not know under which party. Meanwhile the Chancellor has departed with dignity and restraint - a quality he cannot at this hour expect from his friends and

Samuel Brittan

(Advertisement)

# The Lawson-Walters row chronology

 January 1981 — August of economy as "misquided,"
 1983 Waltera personal eco and blames trade delicit on 1983 Walters personal eco-nomic adviser to Mrs. Lawson's policy of shadowing Thatcher. 688 - pre-Budget

rift between Lawson and Thatcher over need to hold down the pound. FT that Britain should not join EMS exchange mechanism. June - Walters writes several articles in UK press warning of "tragic conse-quences" of full EMS mem-

• July 15 - Hints that Walters may return from US as full-time adviser to Thatcher.

• July 18 — Walters criticises Lawson over handling

the D-Mark. . July 20 - Thatcher lells

Walters to keep quiet and Lawson receives full backing of Tory MPs. mation that Walters will return as full-time adviser.

• March - Walters

praises Lawson Budget as "politically brave."

• May 2 — Walters rejoins Thatcher as full-time advisor. June 11 - Lawson brushes asida Walters's views over entry into ERM.

June 14 - Thatcher rejects call to sack Waiters.

October 14 - Article in FT quoting Walters as saying EMS "half-baked." Labour calls on PM to disassocial herself from Walters's views: October 19 - Lawson at

Mansion House reaffirms belief in intervention to sup-October 22 - Tory MPs demand that Walters be

October 24 - Lawson publicly rebukes Walters, Downing Street tells Walters to keep quiet.

 October 26 — Thatcher refuses to sack Walters and backs Lawson. Lawson resigns. Walters resigns.

### DAI-ICHI KANGYO BANK

# (B ECONOMIC REPA

October 1989: Vol. 19, No. 10

# **Exchange Rate Trends Merit Attention**

The first round of the Japan-U.S. Structural Impediments Initiative talks was held in Tokyo on September 4 and 5 with the aim of improving the trade im-The talks focused on structural impediments that are perceived as being the root cause of external trade imbalances in both countries. The U.S. began by citing Japanese structural problems, calling for immediate corrective measures. Among the structural impediments indicated by the U.S. were (1) the large differential between domestic and international prices (2) the need for deregulation and streamlining of the dis-tribution system (3) excessive saving resulting from insufficient social capital investment and (4) land utilization reguons and tax laws that cause abnormally high land prices.

Trade Imbalances Narrowing but Problems Remain

Meanwhile, trade imbalances are shrinking in both countries. In Japan, the average monthly trade surplus fell from a seasonally adjusted 6.7 billion dollars, posted in the second half of 1988, to an werage of 6.2 billion dollars in the first half of 1989. The trade surplus shrank further to a monthly average of 4.7 hil-lion dollars in the July-August period. During the same period, the monthly trade surplus with the U.S. also narrowed to 3.6 billion dollars from 4.1 billion dollars. Similar trends were also visible in U.S.

trade figures. While the U.S. posted an everage monthly trade deficit of 9.7 billion dollars in the second half of 1988, the figure fell to an average of 9.0 billion dollars in the first half of 1989 and to 7.6 billion dollars in July 1989. The primary factor behind these favorable trends is that the effects of the

sharp appreciation of the yen since the autumn of 1985 have started to appear in

ligher Dollar Counters Trade mbalance Improvement

It is from this standpoint that concern has arisen over the increase in the dol-lar's foreign exchange value since the ning of the year. This is mainly because the dollar's renewed strength could have a negative impact on the correction of trade imbalances and may even hinder structural improvements in the long run, though its short-term

effects may only be marginal.

The dollar has been showing strength primarily because of the improvement since the beginning of the year in the U.S. trade imbalance. The second reason for its strength is the growing anticipation that the U.S. economy may succeed in achieving a soft landing, thereby simultaneously restraining inflation and

avoiding recession. However, the U.S. is running a massive annual 120 billion dollar current accounts deficit, and the cumulative deficit continues to snowball. The interest rate differential between the U.S. and other countries is also narrowing. These developments do leave some room for the dollar to weaken again. Nonethele the undertone of a strong dollar is unlikely to change as long as the trade imbalance continues to improve steadily and hopes for a soft landing by the U.S. economy are not dashed.

Inflationary Pressures Increasing The continuing weakness of the year against the dollar is the major source of

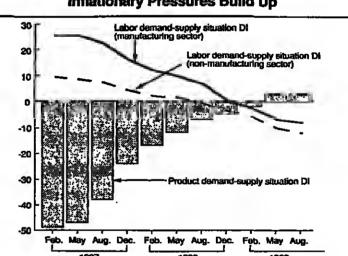
concern regarding the future trend of Japanese prices. While both whole and consumer prices have been rising at a slower pace after a temporary spurt following the introduction of the conumption tax in April, worsening labor shortages and an increasingly strained demand-supply balance of products mean that the inflationary environment is becoming even more intense (Figure). In the Short-term Survey of Principal Enterprises conducted in August by the Bank of Japan, the component ratio of firms in both the manufacturing and non-manufacturing sectors that re-ported labor shortages exceeded that of those reporting labor surpluses (the diffusion index of labor demand-supply judgment was positive).

Also, more firms reported demand outstripping supply than those which reported supply outstripping demand (the diffusion index of product demandsupply judgment was positive). Therere, it has become increasingly easier for inflationary pressures, now believed

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Inflationary Pressures Build Up



Notes: (1) Labor demand-supply situation DI: Component ratio of firms reporting labor supplyees minus that of those reporting labor shortages.

(2) Product demand-supply situation Of: Component ratio of firms reporting excess demand minus that of those reporting excess supply

**Economic Expansion to Continue** The reason behind the swelling inflationary pressures is the steadily ex-panding domestic economy. Although the gross national product regi negative annual growth rate of -3.1% in the April-June quarter, the slowdown is blamed largely on the reactionary de-cline following the sharp gain in March in consumer spending, which at around 55% is the largest component of GNP. Despite the temporary setback, the underlying tone of an expanding economy remains basically unchanged. Related to this, the diffusion index for

economic outlook was at a record high in the Short-term Survey of Principal Enterprises for August, confirming that business executives' bullish business judgment of the economy remains un-

changed since May.
On the demand side, capital investment in the private sector, the most pow-erful factor driving the present boom, is expected to continue expanding steadily, reflecting strong corporate profits. Since the shortages of production capacity is intensifying in all industries due to strong domestic demand, capital

to be building up, to resurface if the yen starts to weaken again. investment is ilkely to expand steadily. On the other hand, personal consumption, which registered negative growth in the April-June quarter, has seen recovered its brisioness, reflecting this symmer's favorable bonus payments and the fading effects of the introduction of the consumption tax.

Increasingly Cantions Monetary Policy Stance

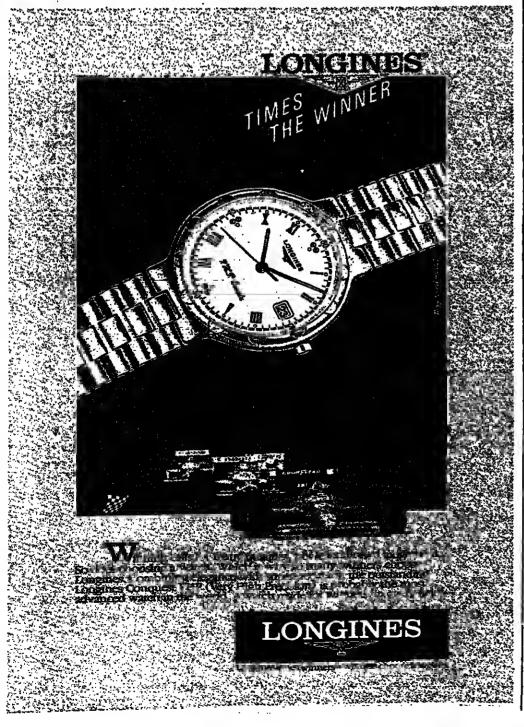
There is a strong possibility that the Bank of Japan will move to a more cautious monetary policy stance since the yen continues to weaken gradually amid growing inflationary pressures in Japan. The Bank of Japan's operation interest rates have already been raised while certificate of deposit and other shortterm interest rates were edging up due to the weakening of the yen at the begin-ning of autumn. Additionally, the Bank of Japan has also switched to a restrictive monetary policy as evidenced in its "window guidance" for the July-Sep-tember period, in which the ceiling on the increase in lending for city banks was slashed by 4.7% from the same quarter last year - the first reduction in 36

quarters. The central bank is likely to adhere to its restrictive monetary policy Talk it over with DKB. The international bank

that listens.



The next DKB monthly report will appear Nov. 24.



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# **UK NEWS**

# not subsidise high-speed link'

By Kevin Brown, Transport Correspondent

MR CECIL Parkinson, the Transport Secretary, has offi-cially informed British Rail that the Government will not subsidise the construction of its proposed high speed line from London to the Channel

Tunnel.
The decision means the BR. board will have to abandon plans to table a private Bill in November seeking legislative authority for its preferred route from Folkestone, on the south coast to King's Cross and Waterloo stations in London.

However, the board is likely to be sharply divided over its next move when it meets to make a final decision on the line next Thursday.

BR is still talking to two private sector consortia interested in building the line, but both say environmental improvements which have increased ments which have increased the cost from £1.7bn to up to £3.5bn mean it is not viable

£3.5bn mean it is not viable without a Government subsidy of more than £1bn.

One group of board members believes BR's public image has been so damaged by the high speed line saga that it should drop the project. This would mean relying on npgrading existing track to cope with Channel Tunnel traffic.

The heard members in

The board members in favour of this option believe BR has enough capacity on lines in Kent and South Lon-don to handle Channel Tunnel trains until the end of the Century. However, services would probably be restricted to 100mph, compared to more than 180mph in France.

A second group of directors favours tabling an alternative Bill to construct a line from the tunnel portal to Swanley,

This would allow BR to salvage somathing from the wreckage of its original propos-als, and has the advantage that a tunnel under London could be constructed later to King's Cross or an alternative site at Stratford, in East London. However, the option of a high speed line to Swanley is strongly opposed by Kent County Council, which fears there would be a huge increase

in traffic using the congested M25 motorway.

There would also be angry opposition in South London, where residents would lose the protection of a 12-mile turnel for Channel Tunnel trains from Swanley to King's Cross. The London tunnel is one of the main reasons for the increase

in the estimated cost of the original route. If the board decides to go ed with a line to Swanley it will almost certainly be built by a consortium headed by Trafalgar House, which believes it can make a reason-

able return on the project. However, no agreement has yet been reached on the terms for a joint venture between Trafalgar House and BR.
BR remains implacably

opposed to separate proposals put forward by consortia led by Manufacturers Hanover Trust and Ove Arup for alternative routes which would approach London through South Essex and terminate at Stratford. Mr Cecil Parkinson, the Transport Secretary, could still

ask BR to look again at these schemes, but neither could be ready in time to meet the Parliamentary timetable for a private Bill to be tabled this year.

# Government 'will Engineering sides fail to agree

HOPES OF avoiding strikes next week at Rolls-Royce and British Aerospace were dashed yesterday after employer negotiators failed to agree a basis

The Confederation of Engineering Unions said indefinite strikes would begin at British Aerospace's Chester and Presented the Confederation of Engineering Unions said indefinite strikes would begin at British Aerospace's Chester and Presented Trees. ton plants in north west England, and at Rolls-Royce's Glasgow factory would start at around 6am on Monday morn-

The Engineering Employers Federation announced the fail-ure to agree a basis for talks after meeting representatives

of companies, including British Aerospace and Rolls Royce, which are threatened with

industrial action.
It said demands presented by the CSEU on Wednesday as the unions' "irreduceable mini-mum" were not an "acceptable basis on which to resume dis-

"It is clear, therefore, that a new national agreement can-not be negotiated at present." Wednesday's discussions, eld on on informal basis, were the first between the CSEU and the EEF since talks on a national hours agraement

broke up in April:

In response to the the union's claim for a 37-hour week, the EEF had offered 37% hours but insisted they would have to be self-financing and negotiated on a local basis.

Subsequently the manual worker unions joined forces with their white collar colleagues to campaign for a 35-hour week. Strike ballots last week at seven engineering plants, chosen to spearhead the campaign, showed strong sup-port among manual workers for the campaign, but white collar workers voted against striking.

# Companies seek tax harmony

By David Waller

A BIG majority of the UK's largest companies are in favour of harmonisation of corporate taxes in Europe, a survey conducted by the Con-federation of British Industry for the Institute of Fisal Studies has found.

The companies feel that their investment decisions are distorted by tax considerations and therefore endorse a move towards harmonisation in this area. The IFS points out that if the European Commission follows this route, it will cause confrontation between Brussels and a UK government zealous to preserve its sovereignty in this area.

Tax rates now range from 10 per cent in Ireland to 56 per cent in some cases in Germany. The Commissioner for tax harmonisation in Brussels is considering options for reform, and the Commission has stated its belief in principle that companies' tax burdens in the community should be more closely aligned.

The IFS suggests that if after 1992, trade barriers are remayed from country to coun-

removed from country to country, tax considerations will pecome even more important. Nearly half the 173 large companies polled said that tax was aways a major consider-ation when deciding where to locate a new production plant; around 90 per cent said that some form of harmonisation of the the tax base and the rates charged was desirable.

The extent of the distortion was illustrated by the IFS's that to earn a given after tax return on its investment, a UK company must earn almost twice the rate of pre-tax return in Germany as in Ireland.

The IFS recommends that the most pragmatic way to bring about harmonisation is to abolish withholding taxes on profits repatriated from one country to another. Under this arrangement, foreign compa-nies are taxed at a higher rate than domestic companies and the IFS calls this "the most blatant discrimination against companies operating in certain countries". Leaving rationalisation to market forces would be equally unworkable; the IFS said.

\*Corporate Tax Harmonisa tion and Economic Efficiency, by Michael Devereux and Mark Pearson . Available from IFS, 180/182 Tottenham Court Rd., London WIP 9LE. price £10.

# **Barclays** to shed 2,500 jobs

By Paul Cheeseright

BARCLAYS, the largest of the Big Four British commercial banks, will slow recruitment as it sheds around 2,500 jobs as part of a drive to increase efficiency.

as part of a drive to increase efficiency.
But there will be no compulsory redundancies, the bank said. Rather jobs will disappear through natural wastage and a reduction in the number of people hired every year.
On average Barclays recruits more than 4,000 people a year. This number is expected to drop perceptibly from 1991 at a time when demographic trends suggest

demographic trends suggest that there will be fewer school-leavers coming on to the market.

How the reduction in the number of jobs will take place is now the matter of discussion within Barcleys and follows a long-running review aimed at cutting costs and

improving profit margins.

Barclays employs 57,000 people, the vast majority of whom are engaged in cierical work. Part of the review is directed towards shifting peo-ple away from such paper pro-cessing to sales and customer

At the same time Barclays has been reviewing the manag-ment of its branch network and will move towards a sys-tem where branches are managed in clusters rariher than

It is also moving towards greater automation in areas like document handling. The changes will be spread over several years.

# Unit trust sales hit £1bn in September

INVESTORS bought £1.07bn worth of unit trusts last month, according to figures issued yesterday by the Unit Trust – the first time that the monthly sales figure has passed the fibn mark since the October 1987 stock market

Although the amount of units redeemed by investors in September, at £564m, was the third-highest monthly redemp-tion figure this year, net new investment in unit trusts, at 2504.4m, also reached its highest level since the 1987 crash. However, unit trust manag-

ers do not expect the recovery in the fortunes of the unit trust industry to be maintained in

Crober.

First, September is historically a good month for unit trust investment, while October tends to lag behind somewhat. There was also strong institutional buying last month.

Second, there were 16 new trusts launched during September and new funds tend to aftract more investment than initial funds. For example, the new European Dividend Fund from leading managers, the M& G Group, attracted £68m. However, managers are hav-ing to cope with investor reac-tion to the dip in the market

quent volatile markets worldwide. Preliminary indications are that investors generally did not lose their nerve as in the stock market crash of October

There was above-average selling of units on the Monday, but no pame selling. There has been above average redemption of units since, but also steady

Two of the management groups with cash fund unit trusts - Fidelity and Gartmore saw many investors switching into the cash funds, which can be done without penalty. rather than outright selling of units Subsequently, some investors have been switching back out of the cash fund which is on cheaper terms than fresh purchase of units.

Total gross sales of units in the first nine months of this year at £7.74bn have already

passed total sales for last year of £7.68bn, while net new investment to date, at £2.88bn, is well ahead of last year's

total of £1.8bn.
Despite good net investment figures last month, the total value of funds under manage ment declined slightly over the month from £56.09bn to £56.04bn, reflecting the erratic

# UniChem to boost cheap drug imports

UNICHEM, one of Britain's higgest two drug wholesalers, has decided to include in its product range medicines bought from other European countries where prices are

The decision may annoy the UK drugs industry, which fears that higher imports of low-price products could hurt sales and profits.

UniChem will next week offer its pharmacist customers 60 popular prescription prod-ucts bought from countries such as Belgium, Italy and Greece, where medicine prices can be half that of Britain. They will be shipped in by Stephar, a Dutch-owned drug dis-tributor with a UK base in Great Yarmouth, on the east

The drugs will be made over-seas largely by the same multi-nationals as produce them in

They are cheaper because of differing pricing regulations among European governments. These differentials are seen at the European Commission as a serious anomaly which officials hope will be reduced sig-nificantly after creation of the single European market.

Big drugs companies view the differentials with mixed feelings. The range of prices makes pan-European marketing difficult, but the industry is anxious to maintain high prices in countries like Britain, Holland and West Germany, to boost overall profitability.

UniChem's move follows a decision last year by AAH Pharmaceuticals, the other big UK pharmaceutical distributor, to include imported medicines in its range.

Pharmaceutical wholesalers buy drugs from manufacturers and sell them to Britain's 12,000 pharmacist outlets. If pharmacists can buy medicines at cut prices, they can boost their profits as they are reim-bursed by the Government for drugs sales at fixed rates.

UniChem and AAH between them distribute about a quarter of Britain's annual pharmacentical sales of some £2.2bn Imported imported drngs account for only about 5-10 per cent of the total but the proportion has been growing rapidly as more pharmacists, mainly supplied by small wholesalers have said they are keen to handle these products.

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### FT LAW REPORTS

# English court can hear shoe case

TESAM DISTRIBUTION LTD V SCHU-MODE TEAM GMBH AND ANOTHER

Court of Appeal (Lord Justice O'Connor, Lord Justice Stocker and Lord Justice Nicholls): October 20 1989

THE COURT's power under the Civil Jurisdiction Convention to hear contract cases against defendants domiciled in Couvention states does not depend on the established existence of the contract; and it will pro-ceed to hear a breach of contract claim, though the defendant denies there was a contract, if the evidence shows there is a serious question to be tried as to its existence.

The Court of Appeal so held when allowing an appeal by the plaintiff, Tesam Distribu-tion Ltd. from Mr Justice. Rougier's decision that the English court had no jurisdiction to hear its breach of contract claim against the second defendant, Commerzbank AG. Proceedings were not served on the first defendant Schu-Moda Team GmbH. Tesam's appeal from the judge's decision that the court had no jurisdiction to hear a claim in tort against the bank was dis-missed.

LORD JUSTICE MICHALLS said that Tesam carried on business in London as an importer and distributor of shoes. The defendant bank and Schu-Mode, a supplier of shoes, carried on business in Germany. Neither had a seat in

' Tesam served a writ out of the jurisdiction on the bank. Leave to serve was not necessary because it was a "Convention case," under the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Mat-

The bank applied to set aside the writ and service under RSC Order 12 rule 8, on the grounds that the proceedings ought to have been brought in Ger-many, and that the English court had no jurisdiction. Master Turner acceded to that application and was upheld by Mr Justice Rougier.

Tesam now appealed. The writ was endorsed with a statement of claim. It alleged that a binding agreement was made between Tesam and Schu-Mode acting on behalf of itself and the bank, for the pur-chase and sale of 34,500 pairs of spring shoes at £5 a pair and 52,600 pairs of winter shoes at

The statement of claim

first, sent by Schu-Mode on August 4, confirmed its agreement to deliver the spring shoes at £5 a pair in London. The second, also sent by Schu-Mode on August 25, said its bank had not accepted Tesam's offer and wanted £7 for the spring shoes and 213 for the winter shoes.

It was alleged that Schu-Mode did not deliver the spring shoes or the winter shoes. The relief claimed in the action was damages against Schu-Mode and the bank for breach of contract, and damages against the bank for the tort of inducing breach of contract.

The bank's case was that Tesam had not crossed the threshold which must be eared before an English court had jurisdiction under the Convention to hear the claims.

The Convention had the force of law in the UK under section 2(1) of the Civil Jurisdiction and Judgments .Act 1982. Section 3(1) provided that any question as to the meaning or effect of the Convention should be determined by Euro-pean Court principles. Article 2 of the Convention

set out the basic provision regarding jurisdiction: persons domiciled in a contracting state should be sued in the courts of that state.

There were exceptions.

Article 5 provided that a person domiciled in a contracting state might be sued in another contracting state "(1) in matters relating to a contract, in. . . . the place of performance of the obligation in question. . . . (3) in matters relating to tort, . . . where the harmful event occurred."

There was no reason to doubt that the two claims fell four-square within the Community concepts of contract and tori. Nor was there any doubt that "the place of performance of the obligation in question" was England. The complaint was breach of contract in not delivering the shoes in London. The dispute was as to

whether there ever was a contract between Tesam and the

In Effer v Kantner RCJ case 38/81 March 4 1982 the European Court held that a plaintiff could toyoke the jurisdiction of place of performance under article 5(1), when the existence of the contract on which the claim was based was in dis-

In the course of its decision it said that article 5(1) should be construed as meaning that

essential preconditions for its jurisdiction having regard to "conclusive and relevant evidence adduced by the party concerned, establishing the existence or inexistence of the contract."

Mr Layton for the bank fastened on to those words. He submitted that to have jurisdiction under article 5(1) the court must be satisfied by "conclusive and relevant evidence," adduced by Tesam, of the existence of the contract -that it must be satisfied on Tesam's evidence at the interlocutory stage that the claims would succeed.

That was not accepted As the European Court had authoritatively decided in Effer v Kantner, a dispute as to the existence of a contract did not deprive a national court of jurisdiction it would otherwise have under article 5(1). A claim under article 5(1) was not dependent on the court's first satisfying itself that the con-tract existed. Its existence was a matter which the court had power to determine under

If in due course it found that no contract was entered into, it would dismiss the claim.

The passages in Effer emphasised by Mr Leyton could not bear the interpretation he sought to place on them. The European Court was saying no more than that, faced with a claim founded on a contract whose existence was in dis-pute, the national court had urisdiction to consider and determine the existence or not of the contract, having regard to sufficient and proper evi-dence adduced by the party

Jurisdiction under the Convention was not a matter of discretion. Nevertheless, bearing in mind that the article 5. iurisdiction was an exception to the general rule in article 2, the English court would be astute to see that frivolous or vexatious claims for the exis-tence of a contract were stopped summarily at the out-set, either under Order 18 rule 19, or under the court's inherent jurisdiction.

There must be evidence establishing a genuine and real dispute. The court should be satisfied that there was a serious question, which called for a trial for its proper determina-

If at the outset, when the court was considering whether it had article 5(1) jurisdiction to entertain the claim, it was apparent that the claim had no

court should say so and decline to permit the action to proceed. In carrying out that exercise

the court should look at all the evidence which had been adduced by the parties. Whether that evidence raised a serious question, which called for a trial for its proper deter-mination, would depend on all the circumstances in each case.

Tesam's evidence established that there was a serious question calling for a trial for its proper determination.

The August 4 telex appeared to be a firm acceptance of an offer for the spring shoes with agreed terms as to payment and delivery. No explanation had been forthcoming from the bank about the precise ownership of the shoes, or what lay behind the telex of August 5. It would not be right at this stage and on the evidence to con-clude that Schu-Mode had no authority from the bank to accept an offer for the spring

The same approach was adopted with regard to article 5(3) in respect of the alternative claim in tort. Did the evidence establish there was a serious question, which called for a trial for its proper detarmination, as to whether the bank had committed a tort by which the barmful avent occurred in England?

At the outset the court had-invited submissions from both parties on whether Tesam, under ordinary principles of English law, had a seriously arguable case that the bank had committed the tort.

Having heart such argument the conclusion was that Tesam did not have a seriously arguable case.

On the evidence the bank owned or had a charge over the shoes. Thus its refusal to concur in a sale by Schu-Mode would not, by itself and with-out more, give lesam a cause of action against it.

The judge's decision on the tort claim was unheld, but his decision on the bleach of contract claim was set aside. LORD JUSTICE STOCKER

gave a concurring judgment. LORD JUSTICE O'CONNOR

For Tesam: John Milville Wil-liams QC and Nige Cooksley (Black Graf & Co) For the bank: Alexander Layton (Mamby Barrie & Scot)

Rachel Davies

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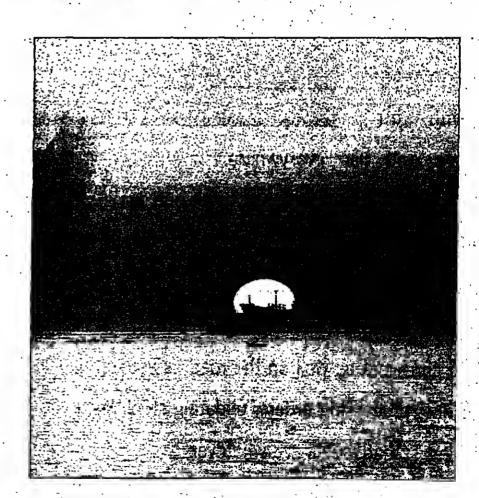
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Scotland's property market is surging ahead, and its inner cities are taking the lead in retail

development. However, there are question marks over the potential supply of office space in central locations for migrating companies. James Buxton reports.

# Going up in the world

NO one surveying the property scene north of the border can fail to be convinced that Scotland is coming up in the world. Physically, new buildings of impressive quality and scale are being built or planned for are being built or planned for the country's two leading cities. More subjectively, Scot-land is increasingly being recognised as a fine place in which to live, to spend leisure time and to do business.

The upgrading of the value of both commercial and resi-dential property in Scotland

Rachel II.

dential property in Scotland, and the new opportunities which that offers, could prosaically be attributed to nothing more than economic prosperity spreading northwards from the south of England. But there is more to it than that: local authorities and business people in many towns in Scotland are determined to find new roles for their communities and to shake off past images of decay

or complacency.

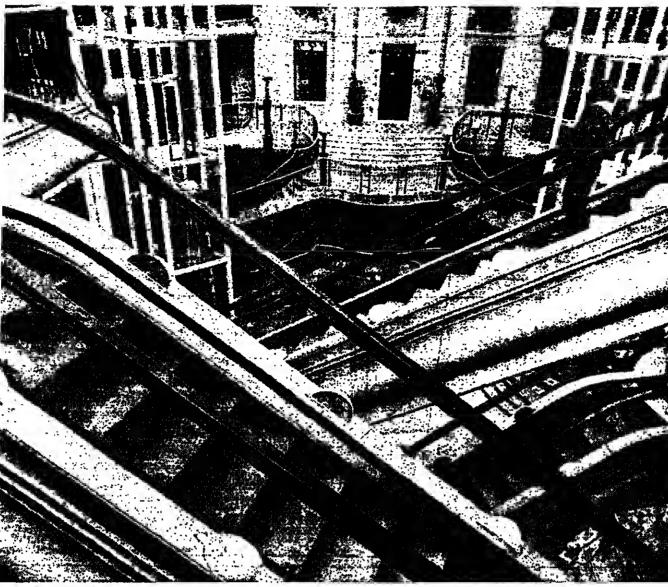
The most obvious sign of this new attitude is Glasgow where vigorous construction work is transforming the cen-tral business area and creating high quality new retail developments in the shopping streets. Dreams hatched at the beginning of the decade of developing a more attractive city based on service industries

coming to fruition.
But it is only in the past two
years that the mood of economic well-being in Glasgow
has become widespread. In that period office rentals have almost doubled to touch £15 per sq ft, putting Glasgow on a par with Birmingham and other leading British provin-cial cities, and making future developments more appealing

to investors.
Glasgow's Labour-dominated district council shares the private sector's determination to revive a city that once styled itself the "second city of the empire". The result is that office and retail schemes, not to mention the council's own project for a £24m concert hall, are pushed forward with tenac-ity.

Glasgow also has the advantage for property development of having fewer restrictions caused by the need to preserve old buildings, while its busi-ness community is modern-minded: "They'd rather move into a building designed for modern office needs than mess around preserving an old Geor-gian cornice," says Mr Ted Webster of Richard Ellis.

Edinburgh, 45 miles away, has different attitudes. Conservation of the city's fine Geor-



# **Scottish Property**

gian centre has been rigorous, but for long the city fathers displayed little vision about the city's other possibilities. Ironically it has taken a Labour administration of the soft left, which for some time after coming to power in 1984 was maintaining that financial services employment amounted to "Mickey-mouse jobs", to spearhead important new property developments in

the city. Only in 1987 did the council demonstrate that it was keen to encourage more office development in the city centre. But given the size, complexity and

sensitivity of some of the projects for the centre - notably the vast Lothian Road scheme including a 1,200-seat conference centre – it will be well into the 1990s before demand for office space in the centre of Edinburgh is satisfied. The city centre has no units of more than 10,000 sq ft available and rents have risen for top quality accommodation from about £7 to touch £20 per sq ft since

But the schemes underway or being considered for the centre should give Edinburgh more flexibility in the 1990s, while the office and workshop

developments on the western edge of city, where some new retail schemes are also to be located, will create an alternative to the increasingly crowded centre where car parking is difficult and the regional council lacks a convincing traffic policy.

In both cities questions are raised about eventual oversupply of office space. The cyclical nature of British property development in provincial cities, where sudden increases in rents make viable projects which were previously considered uneconomic, can produce alternating gluts and short-

ages. Glasgow has traditionally been a steadier market than Edinburgh but both cities could have some over-supply in the early to mid 1990s. Mr Neil Munro, director in Scotland of London & Metro-politan, which has a number of office developments in both cities, believes that Glasgow may be a better long-term investment prospect than Edinburgh because possibilities for rental growth are higher, Yields for prime offices in Edinburgh – in the Charlotte

Square/St Andrew Square area

- are about 5.25 per cent against 5.5 per cent for top

CONTENTS

Review of cities — Glasgow, Edinburgh and Aberdeen 2

quality properties in Glasgow. Both Glasgow and Edin-burgh have high hopes of

burgh have high hopes of attracting companies and organisations from the south of England to relocate in Scotland. Only Glasgow is now coming into a position to market itself seriously as a relocation destination as it acquires high quality buildings with available space. Edinburgh will have to wait for several years. A modest number of organisations have moved some of their

A modest minner of deganisa-tions have moved some of their operations to Glasgow.

Apart from offering lower office rents and cheaper wage and operating costs than the south, Scotland can point to a recent study by the Reward.

Group demonstrating that it has the highest standard of liv-

ing in Britain: when living costs are deducted from salary

the south to the cooler and culturally different atmosphere of

Scotland: experience so far

soon make its biggest direct

contribution so far to the Scot-

tish property scene – apart from encouraging the sale of council houses – by presiding over the disposal of the large

portfolio of industrial property

held by the Scottish Develop-

ment Agency. For years the SDA has built speculative and bespoke factories all over the

Lowlands of Scotland, largely

forcing the private sector out

of this sector of the property

Retall; Industrial; Cost of

market. There has been virtually no rental growth in indus-trial property for about 15

years.

The SDA's portfolio has now been assessed and is expected to be sold simultaneously in two tranches, one of which might fetch £150m and the other £40m, according to Mr Roy Durie, who specialises in industrial property for Ryden in Edinburgh. It had been thought the sale might take place this autumn, at least until the latest interest rates

critics, notably Mr Allan Campbell Fraser of DCI, a Glasgow developer, argue that the sale will divert institutional funds from new property devel-opments and swamp the market. He thinks it should be

phased over a longer period.

Mr Durie agrees that it could absorb institutional funds but thinks "it will create an attia middle manager's net pay is 16.6 per cent above the national average. Scottish national average. Scottish cities, especially Edinburgh and Aberdeen, score highly in tests of the less easily quantifiable "quality of life".

It is far from clear whether these advantages will be sufficient to lure large numbers of organisations wishing to leave the south to the couler and cultude to industrial property that has not existed before: it will not necessarily reduce the number of future investments and could increase it." He nev-ertheless adds: "It's unfortu-nate that the portfolio was not available a year and a half ago before prices peaked." The SDA industrial property

sale is expected to be followed by the sale of the property assets of the five Scottish new towns, which include housing. factories, retail and office prop-erties with an approximate

shows that most of them want to remain within about 150 miles of London.

But better quality of life has been a factor in attracting expatriate Scottish and mobile value of £200m. English families to Scotland in the past two years, helping to trigger large increases in house prices, especially for the bigger houses. The builders of execu-The SDA has played an important role in property development over the past decade. It has launched projects that have vastly improved the perception of parts of Glas-gow, Edinburgh, Dundee and elsewhere. It has helped push forward major schemes in tive homes in Scotland are tive homes in Scotland are doing well and schemes are being mooted for developments of executive type property in rural areas, such as the Borders and near Perth. The fastest growing town in Scotland may be inverness, the capital of the Highlands, surrounded by superb landscape. And sporting estates in the Highlands are changing hands at Glasgow and at times bridged the ideological gap between property developers and local authorities, notably in Edinburgh. By advancing into areas from which the private sector initially shrinks it has shown how the public sector can accelerate the pace of urban lands are changing hands at record prices.
The Government should development.

It is not clear how this property development role will be carried out when the SDA is shortly transformed, being given the new name of Scottish Enterprise, and winning new powers as a result of decentralsation. But in several parts of Scotland the current tide of private sector property activity suggests that the SDA has already folfilled successfully the role for which it was intended.

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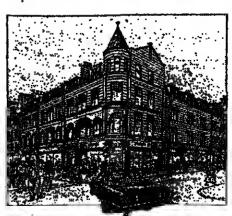


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### GLASGOW

# A brand new shine replaces the grime

IN THE minds of most people Glasgow lost its image as a rough, grimy industrial city some years ago. Now it may also be leaving behind its image as a city of predominantly Victorian buildings as a crop of shiny modern new office buildings rise in the cen-

tre of the city. Office rents for top quality space in prime locations have virtually doubled in the past two years from about £8 per square foot in 1987 to the £15 achieved in one case in recent months. Though the total stock of offices is also on the increase - now about 12m sq ft compared with 8m to 10m a few years ago - most observ-ers predict continued increases in rents for at least a year or

The centre of Glasgow has seen a boom in service ectivities in the past two years, a consequence of rising prosperity in much of Scotland and of conscious efforts to give Glas-gow a new role after the near disappearance of old industries

such as shipbuilding.
"Glasgow's always bad a steadier office property market than Edinburgh," says Mr Ted Webster, senior partner in Glasgow of Richard Ellis, the chartered surveyors. "But in the past two to three years several things have happened to increase demand for office

First, he says, local firms of professionals, such as lewyers. eccountants and advertising egencies, have "seriously grown". Second, the buildings which they were occupying have become redundant. Modern office users now need more space between floor and ceiling to accommodate underfloor wiring ducts, better air extraction systems to cope with the heat generated by computers and, for larger organisations,

large continuous floor spaces.
Third, new professional firms have come to the city to compete for business. An example from the property world itself: the surveyore Drivers Jonas set up an office in Glasgow in 1986 with one man and a secretary. Now it

employs 34 people.

"There's been a big revolution in the supply of quality office space, which was in deficit for years," says Mr Webster. The first to come onstream in the central core of the commercial area of Glasgow - around St Vincent Street - were the headquarters of Britoil, now owned by BP, and nearby the offices of Coats Viyella, which it shares with firms of lawyers and stockbrokers.

Now further developments

glass-plated office building at 100 Bothwell Street, for example, is nearing completion. There are large-scale redevel-opments behind existing facades, such as the 106,000 sq ft Atrium Court in Waterloo Street. Alongside these big projects are total refurbishments of existing smaller buildings in

To the south of the central

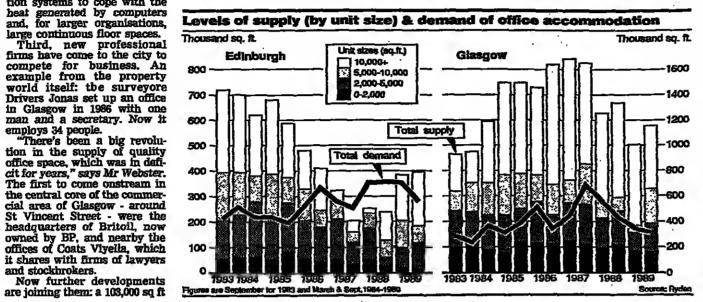
core is the most ambitious

Broomielaw is an area of old warehouses, housing and shops facing the River Clyde south of Argyll Street. Its possibilities were grasped

by the property developers Bellhouse & Joseph and the Japanese construction company Kumagai Gumi who plan to develop it for office, retail

scheme for Glasgow so far, the Broomielaw development. The The first 275,000 sq ft phase of a scheme which could eventually stretch to more than 1m. sq ft of office space alone is under way and scheduled for completion in 1991. The first of three buildings is being let to Yard, the engineering consul-tancy, which will be leaving a tower block which is now seen as unsuitable for the modern

large-scale occupier. Ambitious in a different way



is the Northgate complex, a 140,000 sq ft office development which lies outside the central core of the city, across a swirling inner city highway in the nnglamorous Cowcaddens area. Northgate is the creation of Mr Allan Campbell Fraser, the biliness that if Chapmare who believes that if Glasgow's destiny is now to be in service activities - he wishes it were still manufacturing - it should at least be planned thoughtfully. Glasgow, he says, was a poor location for shipbuilding, with a narrow river and thousands of tonnes of steel having to be transported to the shipyards virtually through the centre of the city.

The Northgate complex is an intelligent office building. Computer-controlled sensors constantly monitor the movement of office workers and adapt heating, ventilation, lighting and security to their needs, resulting in consider-able reductions in running costs and, it is hoped, higher productivity.

The success of the concept is shown by the fact that DCI Group, Mr Campbell Fraser's company, was able to achieve the highest rents being paid at the time in Glasgow for this location - it was able to fetch £10 per sq ft when the going rate was about £8.

"Glasgow's product had to be improved before we could really promote the city as a place for companies to relocate to," says Mr David Macdonald, who runs Glasgow Action, an organisation which tries to Source Ryden attract businesses to the city.

He believes the office developments recently completed or under way mean that Glasgow is now getting the infrastructure it needs to fulfil these

Glasgow has already had some reasonable successes in the relocation field: for example BP, which promised to move 75 executives to Glasgow when it took over Britoil, in fact transferred about 400. Direct Line, the insurance arm of Royal Bank of Scotland Group, has expanded from Croydon to Glasgow creating between 80 and 90 jobs so far. The Department of Social Secu-rity is moving the work of more than 400 staff to Glasgow from other parts of Britain.

But relocation has not so far accounted for much of the take-up of office space in Glasgow and some local politicians have disobligingly referred to the upgrading of their accommodation by the city's leading concerns as "shuffling the pack". Mr Webster says: "Yon've got to have the local husiness community well business community well housed before you can get many people to come in from

Is Glasgow building too. much office accommodation? Mr Webster says there is an annual take-up of about 1m sq ft of office space of which 75 per cent is high quality accommodation. In the next two and a half years about 2.5m sq ft of a nair years about 2.5m sq it or new property will become evailable, of which some 500,000 sq ft will be completed fairly shortly. On those figures Mr Webster believes that at the quality end of the market there

will be not be oversupply. The same point is made by Mr Ken Campbell, of Jones Lang Wootton. There's phe-nomenal construction going on, and any analyst who looks at it as one lump will say there is oversupply. But that's over-simplified: space is subdivided into different units and different markets, which meet the needs of different users." He suggests that within individual market sectore there is not

oversupply. He believes that "by late 1990 or early 1991 rents for genuine first-time lettings must be sitting at £20 per sq ft." After that, bowever, he believes rents will level off for a time as "the major schemes take the heat out of the market".

Mr Campbell also believes that more office development will be generated outside the will be generated outside the central core of Glasgow with the change in planning regulations allowing office development in areas previously designated for industry. There are plans for business parks in areas on the south side of the Clyde such as the Glasgow Clyde, such as the Glasgow Garden Festival site. "In e sense Northgate is a forerun-ner of that trend," he says. "The successful parks are likely to be fairly close in, near

the M8 motorway. "It's very easy to be a sceptic about all the activity that's going on here — it's a Scottish attitude that's dogged the Scot-tish business community for years. But now we are up on our hind legs and after it."

James Buxton

**EXTRAORDINARY** things are happening in Edinburgh. After years of stagnation and inactivity the city is committing itself to a prestigious scheme for the development of a very large site in the centre of the city and the leader of those condemning the Jeremiahs is the Labour-controlled Edin-

burgh district council, Probably no one in recent years has had a more wet-blanket approach to property development in the city than the district council itself. It is largely responsible for the fact that Edinburgh is facing a critical shortage of office accom-modation, pushing rents to very high levels.

The record number of new schemes now getting under way is already giving rise to anxieties about future oversupply. Strikingly, Mr George Kerevan, the council's chairman of economic development and estates, described them this month as "a manifestation of Edinburgh's only problem -

lack of confidence in itself." The office property scene in Edinburgh is very different from that in Glasgow. The city is smaller and has had lower demand for office accommoda-

tion. Mnch of the city centre notably the Georgian New Town, consists of rigorously protected conservation areas. In the late 1970s and early 1980s Edinburgh suffered oversupply of office accommodation after e speculative build-ing boom in anticipation of the city becoming the seat of a devolved Scottish assembly – an expectation dashed in 1979. In the mid-1980s the supply of new offices was limited by a

Much of the city centre consists of conservation areas

a very tight planning policy and refused to release strategic sites which it owned.

cial community and until well into the 1990s will make it impossible for the city to tout for companies and organisa-tions which might relocate from the south of England. Rents for quality office space in the city centre have gone up from £7 per sq ft in 1985 to

Labour council which operated

That policy restricted the growth of the Edinburgh finan-

Accommodation is at a premium about £18 and are touching £20

an efficient market should be about 4 per cent, is virtually nil, with nothing available above 10,000 sq ft. But the council's attitude had been changing, though it only became clear in 1987. Late that year the initial go-ahead was given to the development of a site in Castle Terrace, known as the "hole in the ground", which had lain vacant for more than 20 years as argument raged over whether it should be used for an opera house. Now construction is under way there of a high quality building in natural stone which will provide 135,000 sq ft of office space as well as a theatre, restaurants, banks and some retail space.

for very good accomodation.

The vacancy rate, which for

The project, being developed by Scottisb & Metropolitan, will be the first of the big new schemes to be completed but will not be ready until mid-

Dwarfing Castle Terrace is the nearby Lothian Road devel-opment for which an outline planning application was sub-mitted this month. This, too, is the culmination of a saga lasting many years. At its heart was Edinburgh's desire to have a 1,200-seat conference centre. The problem of financing the running of the conference cen-tre eventually led the district council to make available a 6.5-acre former railway yard used for car parking: the council will use the ground rent from the entire site to help fund the conference centre. Four rival schemes for Loth-ian Road were short-listed and

the council and the Scottish contributing £6.75m to site preparation) chose Edinburgh Development Group, e joint venture of Greycoat and Sheraton Securities. They are

employing the post-modernist architect, Mr Terry Farrell. As well as the conference

**EDINBURGH** 

centre the scheme includes about 1.1m sq ft of office and retail space, courtyards and an exhibition area, much of it to be constructed on a vast deck over e main artery of the city. The conference centre will be ready in 1993 and the rest of the scheme by the end of 1994 and the cost is put at £350m.

But not all office development is taking place in and around the city centre. At

South Gyle, on the western edge of the city near the bypass and airport, several large schemes are under construction or study. They include the Edinburgh West office park, a 230,000 sq ft development initiated by Murray International and now nearing completion; most of it has been sold to the Prudential

so ft of offices, flexi-space (combined production and offices), and warehousing. Miller Developments is to build the 200,000 sq ft West One Business Park in the same area and Enterprise Edinburgh, an offshoot of the district council, has schemes to develop a busi-ness and technology park over 200 acres in the 1990s.

Both Bank of Scotland and Royal Bank of Scotland have acquired land for their expansion there. These and other schemes at the western fringe of the city "give you a choice you've never had before in Edinburgh," says Mr Alastair Russell, of Jones Lang Wootton in Edinburgh. They are ideal for people who don't need to be in the centre; rents are lower and car parking is freely available; unlike in the centre itself."

Rents for good office space Assurance.

Carroll Caledonian, part of the Carroll Group, is building plus offices) at between 28 and South Gyle Park with 250,000

Result of good office good office about 122 per sequence for good office good

"There's very little on the market or coming on to the market in the next two years,"

he says. An exception is Victoria Tower, a 78,000 sq ft build-

ing in Market Street in the town centre near the harbour. Victoria Tower was completed

just after the last downturn in the city's property market and was never let. Now its owner,

R H Edmondson Properties,

has refurbished it.

believe the 600,000 sq ft of busi-ness parks under construction on the western fringe of the city, with e further 800,000 sq ft being proposed, will draw bust-ness eway from the centre. But Drivers Jonas, which is adviser to the district council on the Lothian Road project, does not think the business parks are in direct competition with the city centre. It argues that financial services companies, business services and profes-

Not all office development is taking place in the city centre

sions will still have to be in the central business district. Drivers Jonas reckon that in Edinburgh some 450,000 sq ft is under construction and 2m sq ft proposed in the 30,000 sq ft and above unit size category. If they were all built, an average supply of 360,000 sq ft of uncommitted space would come on to the market each year from 1990 to 1994. The office market has taken up 750,000 sq ft of space a year in recent years, and there is about 1.5m sq ft of latent

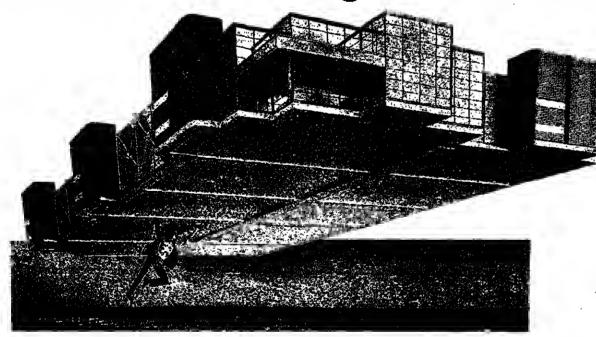
The numbers suggest that supply should roughly equate with demand. But as a fallback Drivers Jonas argues that hig users whose space is dotted around the city in small units may decide to rationalise their establishments, releasing smaller units on to the market. Mr John Clement, of Hillier Parker, reckons that as supply rises to meet demand city cen tre rents may plateau at about £26 per sq ft and hold there for three to five years. It is possible that some of the marginal

projects will not go ahead. But the space calculations do not take account of any extra office demand that could be caused by inward investment and relocation attracted from the south-east and even from abroad. Mr Kerevan, of Edinburgh district council, dis-misses claims that the city will face a glut in the mid-1990s as a manifestation of lack of

self-confidence.
"We want to see Edinburgh develop as a centre for international institutions that we believe we will attract when we have the offices to provide the market with what it wants," he says.

**James Buxton** 

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## ABERDEEN

# Rents only now showing signs of movement

LIKE most other towns Aberdeen has a cyclical prop-erty market, but its cycles run at different times. Thus, two years after office property rents went sharply upwards in Edinburgh and Glasgow, those in Aberdeen are only now showing the first signs of movement.

Despite Aberdeen's low unemployment and high levels of personal income, office properties in the city have been the worst performing in the UK when returns are averaged out on an annualised basis over

on an annuaised basis over the past eight years, according to the Investment Property Databank. Last year rental growth was only 0.3 per cent.

Although Aberdeen has a sound underlying economy based on fishing and agriculture its property cycle is now heavily influenced by oil. North Sea oil activity was North Sea oil activity was strong in the late 1970s when the rest of the British economy was languishing. There were peaks in the Aberdeen prop-erty market in 1982 and in 1985 when oil activity was strong. But when the rest of the

Scottish economy began pick-ing up in 1987, Aberdeen was languishing badly after the abrupt downturn in North Sea activity which followed the oil price collapse of 1986. Whereas in the early 1980s office rent levels in Aberdeen were around £8.50 per sq ft, some £2 to £3 above Glasgow and Edinburgh, they have only in the past few months begun to shift upwards from that level as a new upturn in oil company activity makes itself felt.

"Rents have just begun to hit £10 compared with £8-£8-50 only six months ago," says Mr Roddy Pearson, of Ryden. He quotes the example of a 4,000 sq ft refurbished property in the city's smart West End where £10 has been achieved. That rent level is also being quoted for the last remaining 11,000 sq ft floor in the St Magnus Honse development

Mr Pearson believes rents will continue to rise, reaching at least \$12 within e year from now, because supply of new

accommodation is very limited.

letting it, expects it to achieve at least £8.50 per sq ft. It is available either as a single building or as three separate towers. R H Edmondson is also

The property cycle is now heavily influenced by oil

So far no agreement with a to build 30,000 sq ft of high tenant has been signed but quality offices in Chapel Street Ryden, which is involved in the city centre and a 40,000

sq ft unit to the south. Some 23,000 sq ft of office space will come onstream early next year in the Bon Accord shopping centre (whose devel-oper is Bredero) in the heart of the city. "But there's not much else about thet is at all advanced," says Mr Pearson. When rental levels of about £12

> and create new office space. James Buxton

> are firmly established institu-

tional investors may look again et the Aberdeen market



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EUROPE'S CENTRE

# Europe's last wilderness

IT IS STILL possible to become landed gentry in Scotland for less than £1m - but only just.

A wave of acquisitiva English entrepreneurs has pushed the price of country property to unprecedented peaks, and property agents are basking in excess demand that has become a distant memory

in the south.

Foreign hnying of Scottish country estates is nothing new. Prince Albert bought Balmoral in 1847 for the young Queen Victoria. A century and a quar-ter later the Dutch, starved of open spaces back home and helped by a strong guilder, took a shine to the region. They were followed quickly by Scandinavians and then a buyers - including the Al-

Buvers want to be able to shoot grouse, fish for salmon and stalk deer on land of their own

Fayed brothers, who own Harrods. Since the middle of this decade the English have

What attracts them all is the ownership of open spaces. "The last wilderness in Europe," is the estate agents' catchpl Bnyers want to be able to shoot grouse, fish for salmon and stalk deer on land of their own. In the environmentalist fashion, wilderness has become particularly destrable.

The moorlands and mountains have never been closer to London. The A9 road from Edinburgh to Inverness was rebuilt in the mid-1980s. Regular shuttle aircraft from Glasgow and Edinburgh to London means that a trip from the Highlands to the City can take

less than three hours. Property agents say that the fax machine and and the telephone make for a ready market for retiring financial advisers.

Demand continues to ont-strip supply. Scotland has had a historically low population, concentrated, since the indus-trial revolution, in and around cities. Add to that a century of the accumulation of land into ever larger estates. The result is not many huge houses, even The flow of new properties put up for sale is irregular. They tend to come onto the market either because the owner has died, and the successors have less enthusiasm for the certain or the certain or the certain. for the estate, or the cost of upkeep has become too high.

Tha result is inflation. Mr William Jackson, of estate agent Knight Frank and Rutley this year alone prices have risen 35 per cent across the board. This summer, the island of Gigha – 6 miles long, 1% miles wide, 3 miles off the Kin-tyre peninsular and including a fish farm – was sold for £6m. Mr Andrew Rettie, at estate agent Strutt and Parker.

divides residential country property into sporting estates and country houses. The for-mer consist of between 3,000 and 50,000 acres and the most popular include a cross section of country sports: deer stalk-ing, grouse shooting and salmon or trout fishing. They have a shooting lodge, couple of cottages for staff, and usually cost between £750,000 and £5m. Such estates have dou-bled in value since the start of 1989, says Mr Rettie.

The price is set by reference to the numbers of deer and grouse killed and fish caught in a year, as well as acreage. Location matters little, says Mr Rettle, because of the increase in the number of air connections from inverness and Aberdeen. The buyers are largely English, but there are also andinavians, Germans and

Belgians. The other market is in country houses, much sought after by a new generation of finan-cial services professionals attracted to Edinburgh, which is promoted as Europe's second financial capital after the City of London. A typical country house comes with five acres of land and costs between 2400,000 and £1m - about 250 per cent higher than at the

In common with other agents. Mr Rettie remains confident that the price stagnation of the south will not spread to Scottish country property in the short term. There is at least a couple of year's growth in the Scottish sporting estate

market, especially from Euro-pean buyers."

According to Knight Frank and Rntley, £1m can still buy 1,000 acres of a mixed estate in central Scotland, a five bed-

room, five reception room house with outbuildings and maybe cottages. Even that is not as expensive as it looks, because the sale of hunting shooting and fishing rights can cover much of the running

With the shuttle service, a trip from the Highlands to the City can take less than three hours

costs. Few buyers need to resort to such money raising ventures, however.

If you want more country-side for your cash you must go further away from the airports, to the far west of Scotland. On the Isle of Skye the asking price for a five bedroom house in 8,000 acres — mostly wooded but including two mountains over 2,500 feet high and some loch frontage - is just £300,000. Agents are keen to give the tions welcome their new and richer landlords, Scotland's archaic property

laws add spice to any deal, in principle the seller of land can specify the retention of certain rights, such as mineral rights. The exercise of these rights is rare, but one recent seller did specify that new owners should not use the land for for-

Such is the demand for sporting estates that even farms with the odd patch of woodland or tront ponds attract a healthy premium. With a restored farmhouse, they can fetch more than £2,000 an acre and are classi-fied as a residential unit. There is less call for com-

mercial farms, costing £1,600 to £1,700 an acre. Even here, however prices are firm as pros-perity leaks from the sonth. Much of the demand comes from English farmers on the edge of urban developments They sell up to house huilders and move. It is very attractive to be able to sell 200 acres in one part of the country and buy 600 acres up here," says

### ON THE WATERFRONT

# Fresh face for derelict docks

IP ANYTHING is likely to fire the imagination and enthusi-asm of developers and local authorities alike, it is the prospect of turning derelict dock-lands into landscaped water-

The pressure for such change is strong in Scotland. Heavy industry, especially shipbuilding and docks, have all hut vanished. The waste-land that remains commemorates only extinct industries.
Fortunately, the growth businesses of the decade – retailing and leisure – seem well suited to waterfront

developments. The examples have been set in London, Bristol and Liverpool, and develop-ments in Glasgow, Edinburgh and Dundee aim to emulate their success. When plans are completed, Scotland will have a string of waterfront leisure parks, including what may be the world's first refrigerated heritage centre, in Dundee.

The success of Glasgow's Garden Festival in 1988 high-lighted the potential for the River Clyde. The latest waterfront enterprise zone, a few miles downstream at Inverclyde, has had the enterprise zone status since March 1989.

nants of defunct heavy indus-try. Inverciyde has plenty to make it attractive to inward investment. The golf courses and rugged rolling hills have already helped pull in Ameri-cans and Japanese. The region is at the western end of Silicon Glen, Europe's largest concen-tration of electronics assembly plants and it includes the giant IBM factory at Green-ock. Indeed some of the land

earmarked for development separates IBM from the coast. Town centre land was sequired from the Glasgow Port Authority in the summer of 1986 and planning permis-sion was obtained for a waterfront retail site in 1987 at about the time of the last shipbuilding redundancies.

Since then, progress has not been so smooth. The SDA had undertaken to reclaim the derelict port land, but ground conditions are worse than expected. The detailed plans were rejected by the council in 1988 and since then rising interest rates have put the cen-tre on a back burner. The SDA hopes that the project will be complete by Christmas 1990. If all goes to plan, the high street will be roofed in, by Ossory Estates which has

Leith is Edinburgh's waterfront, where the intention is to turn former whisky ware-houses into a giant retail development. Once the inten-tion was to spend £400m on 500 acres, including reclama-tion Even though the project tion. Even though the project bas been considerably scaled back, the going is still tough. "Progress is being hindered by a lack of infrastructure," says

Mr Matthew Edgar of char-tered surveyors Weatherall. Mr Tony Hunter of Conroy Hunter, agrees: "The area needs public money put in to create the infrastructure; road communications are difficult." He is more outspoken when he says that there have been suspicions that the Leith plans

are overambitious. "The Forth Ports Anthority is trying to persuade everyone of the need for a huge development." Perhaps the jewel in the crown, as far as the Scottish

Development Agency is con-cerned at least, is Dundee. Once reliant on the three Js: jute, jam and journalism, only the last named remains in any strength. The city is now stud-ded with public sector owned enterprise zones whose occu pants do not pay rates until 1994. When complete, the flagship waterfront project will have cost £45m, of which the public sector contribution is words of one property consul-tant, "the SDA has pumped a lot of money into Dundee.

The shipyards of Dundee built The Discovery, in which Captain Scott sailed to the Antarctic, hence the planned refrigerated heritage centre where visitors will be treated to an "Antarctic experience." Even roads are being rebuilt to skirt this former railway mar-

The Antarctic heritage cen-tre will become the centre of what the SDA calls a leisure centre "string of pearls" along Scotland's east coast, Edinburgh, Dundee and Aberdeen. Dundee heritage centre is hop-ing for 190,000 visitors a year. It should not be such a diffi-cult target, considering Scot-land welcomed 12m visitors,

helf from England, last year. The development is, how-ever, not without its problems. The city, Scotland's fourth largest, has traditionally missed ont on commerce, finance and oil. There are no motorway links, only ons scheduled international flight and none to London.

Ford's decision not to huild its motor electronics plant in Dundee still hurts. The green-field site remains ontenanted. There have been problems with the cinema complex planned for the waterfront site. The original intended occupiers were taken over and ering their plans. The SDA says others cinema operators are queueing up to run the

Some developers think the emphasis on waterfronts may be overdone. One says development has taken place at some waterfront sites at mnch greater expense than would have been the case with land a little way inland.

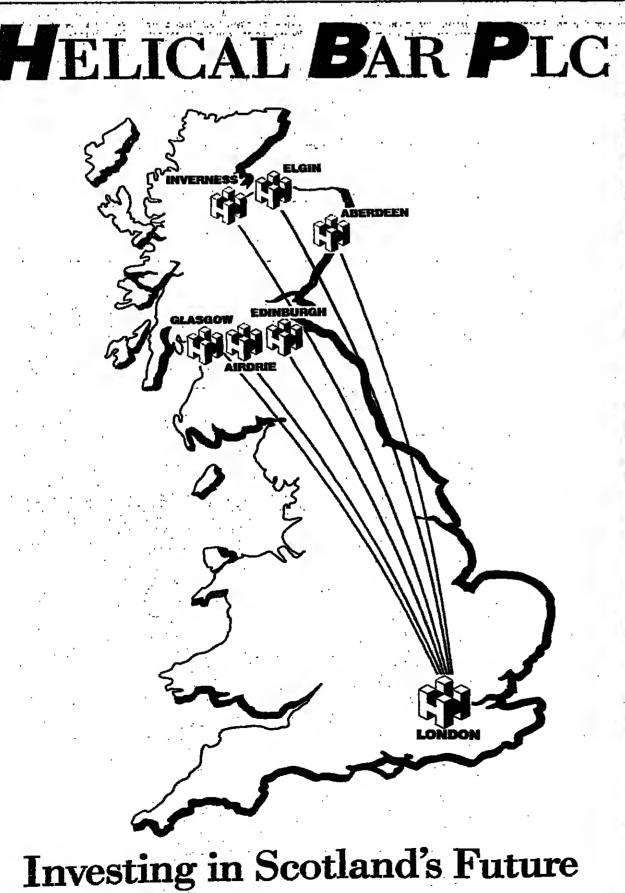
The remaining wasteland commemorates only extinct industries

The matter of infrastructure preoccupies many. Congested road access is one problem, partially countered by recently improved road links to Aberdeen and inverness. The SDA points optimistically to the electrification of the east coast railway line.

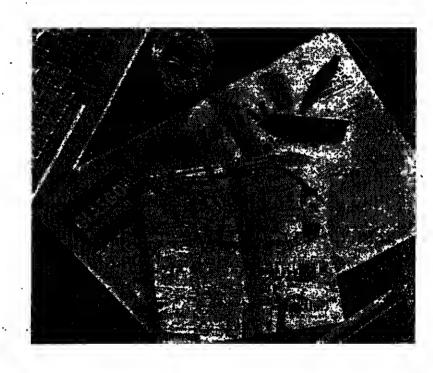
The drive for development has largely come from the pub-lic sector. Tourism, designed both to attract repeat visits from Scots and the more sea-sonal influx of foreigners is a high priority. Local anthorities have been keen to clean up relics of an economy based on heavy industry, such as shipbuildings, docks and associated railways. They have teamed up with the SDA to reclaim land, improve road and pedestrian access to encourage the private develop-

ers in. In place of docks have come retail superstores, in place of sidings are will heritage centres. As one player in the east coast development wryly observed: "We need some competition for Loch Lomond."









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### Danny Green finds retail sites in big demand

# Centres of action

IN SOME WAYS Scotland has what developers of retail sites most want: relatively few shops and high retail spending per head

per head.

The result of this combination has been an explosion in the number of planning applications for, and construction of, shopping centres. In a heavily-populated strip across the middle of the country, from Greenock in the west to Leith in the east, interest from developers has never been higher.

Part of the reason is demographic. Scotland is one of the least exposed of UK regions to a spending squeeze generated by high interest rates. In Scotland, fewer people own their homes than in the south, and their mortgages and mortgage repayments are lower.

The average monthly mortgage payment among Scottish
home-owners last year was a
shade above the national average at £125. But only 25 per
cent of Scots pay mortgages,
compared with 32 per cent
across the nation, according to
National Opinion Polls. Just to
add icing to the cake, Scots
have a lower level of car ownership than people south of the

border.

Developers and agents suggest that London is a source of volatility in the economy. By comparison, Scotland is more stable, "Scotland has been less affected than the south by the retail downturn," is a familiar

Another encouragement for shopping centres is that prime city centre sites are rare and expensive. At the top is Edinburgh's Princes Street, while Glasgow is bard on its beels with its retail "string of pearls" - the "s" shaped trio of Sauchiehall Street, Buchanan Street and Argyll Street.

Even the Japanese are interested. Rumagai Gumi, the construction company, is building a £100m office development on the Broomielaw – a road along the banks of the Clyde in Glasgow – which will include

retail outlets.
Mr Tony Conroy, of Edinburgh estate agency Conroy Hunter, sees the best opportunities in the Glasgow suburbs and in central Edinburgh, above Waverley Station.
Retailers and developers are

Retailers and developers are still wary of committing themselves outside those top locations. Rentals even here can be low relative to the south. Mr Conroy rates Princes Street, at around £150 a sq ft, as undervalued, as is Glasgow's Sauchiehall Street. He identifies Ayr and Dumfries as having particularly limited space available in the high street. "Inverness will grow quickly, but from a low base."

Margins for developers are still well below those in the south-east. But one indigenous developer, DCI, predicts an influx of rivals from the south. "It happened in '74 and it happened in '84," says Mr Allan Campbell Fraser, chairman of

There is much optimism over the effect of the introduction of the uniform business rate next year. Scotland has re-rated its property more recently than England and there are many apocryphal stories of rates paid on Scottish stores being much higher then larger English counterparts. The House of Fraser store in Glasgow, Arnotts, paid almost £1m in rates in 1987. Harrods' London rates bill was £1½m. Arnotts could fit many times over into Harrods' 20 acres of solling mace.

selling space.

Mr Campbell Fraser estimates that Scottish rates are about three times those in England. The difference is so drastic that closing the gap might be phased in over five years, he says. The process, however, "will help developers"

The nsually hyperactive Scottish Development Agency has taken relatively little part in promoting retail property. One exception is the St Enoch's centre in Glasgow. There, in the words of Mr Iain Robertson, the SDA's chief executive, "we tried to get rid of the huge negative value of the derelict site . . . of what was once Glasgow's third railway station."

No such help was required for the upmarket Prince's Square shopping centre, famous for attracting the approval of the Prince of Wales (see picture Page 1). It is built behind a Victorian facade and houses npmarket, high-ticket outlets

Glasgow's theme of centralising shopping centres – add the soon-to-be-completed Cannon Centre to St Enoch's and Princes Square – is not echoed in Edinburgh, Developments there have been on the edge of, rather than in, the historic town centre, as planning authorities strove to preserve what they saw as Scotland's number one tourist attraction.

Scotland has not taken to out-of-town shopping centres. Planners have generally refused permission for all but one for each city, fearing they would damage city centre business. In June, for example, the Government blocked two echemes, one from Rover Group for a 1.3m sq ft centre on the site of its defunct vehicle plant at Bathgate, about halfway between Glasgow and Edinburgh, and one at Newhouse on the eastern edge of Glasgow which would have created 1m sq ft.

Besides, as Mr Michael Ryder, managing director of Debenham Tewson and Chinnocks in Glasgow, claims the low car ownership, which helps give citizens so much spending power, runs contrary to the out-of-town concept. Even town centres do not necessarily have it easy. Parkhead Forge in the east end of Glasgow, by the Celtic football ground, is one that is said to be struggling. "It hasn't been as successful as hoped for," acknowledges one agent. "People get caught up in hype and expect too much too soon," explains Mr Campbell Fraser of DCI.

However, there is still room for growth. One role that the SDA can play is in feasibility studies. Greenock encompasses developments at Inverlyde and the giant IBM manufacturing plant. The spending power of 100,000 people without a shopping centre has been leaking away to Glasgow, 1½ hours distant by road. Aberdeen now has a trio of shopping centres. The biggest is Bon Accord, a city centre development by Bredero. The developer has, in effect, a profits sharing arrangement with the local council. Bredero pays ground rent of \$40,000 to the city council and once the return on the project reaches 9½ per cent, the city council takes 16½ per cent over that figure.

Few dissent from the view that out-of-town shopping centres are not going to figure highly in Scotland's future. The action will instead concentrate on city centres.



An impression of the proposed Lothian Road development in Edinburgh which includes a conference centre (a

FOR MORE than a decade, industrial rents in Scotland have been so low it has been cheaper to buy existing industrial units than to build them.

For the 15 years to 1987, rents barely changed in real terms. But over the past two years, the property price boom in the south has leaked across the border. Rents have edged ahead from around £2.75 per sq ft to £3.50 in the highest yielding areas of central Scotland. Some new projects are attract-

ing £4.

The rise in prices has led to an air of excitement as developers see the potential returns from Scottish industrial property. Optimism on investment returns is tempered by fears that there may soon be a glut of land available.

Although much of the price

Although much of the price increase so far has been on the coat-tails of the rest of the country, the driving force behind developments in the industrial property sector is about to come from within Scotland itself. The Scottish Development Agency and the New Towns, which dominate the public sector holdings, and which therefore account for a majority of all industrial properties in Scotland, are to divest themselves of their property holdings. The details of the sell-off have not been finalised,

### INDUSTRIAL

# An air of excitement

and the uncertainty has encouraged developers to put some of their plans on the backburner.

The SDA is Scotland's biggest industrial landlord. According to conservative valnations made in 1988, it has property assets worth about £175m, and has dominated activity. The Government has told the SDA to divest itself of property assets worth, say some property professionals, around £140m, and has told five New Towns to sell prop-erty worth £200m. The change will be profound. "Scotland has not had an open market in industrial property," says Mr Matthew Edgar of Edinburgh-hased chartered surveyor Weatherall. "Most of it is controlled by the SDA and the New Towns." He says the pub-lic sector officially charges open market rentals, but offers incentives, such as a year rent free. He acknowledges, the SDA is instrumental in attracting investors.

The influence of the SDA is on the wane even before the property disposals, according to Mr Roy Durle, a managing partner of Ryden, Edinburgh-based property consultants and chartered surveyors. "The Garden Festival took more of their resources than they wanted—they have already postponed

several schemes."

Despite its status as an arm
of government, most indepen-

dent players are complimentary about the role of the SDA.

"We have come a long way from Linwood," said a developer, referring to the ill-fated and state-inspired attempt to keep car manufacturing alive

Agents are cautious over the possible price-depressing impact of what might be a glut of new property on the market. Mr Durie says public sector disposals "must have an adverse effect on development." On the bright side, he says the Government subsidy will disappear, "so rents should eventually float up to commercial levels".

He says high interest rates have already put off buyers. On the other hand, lettings are

more popular through, for example, leaseback and especially for the smaller sites. Some 50 per cent of industrial properties, mainly in the 3,000 to 5,000 sq ft range are owned by investors. The remaining 20 per cent are owner-occupied, mainly on sites of more than 20,000 sq ft, says Mr. Durie.

The SDA is keen to play down any impact the sel-off might have "High interest."

20,000 on sites of more than
20,000 of ft, says Mr. Durie.

The SDA is keen to play
down any impact the sell-off
might have. "High interest
rates rule out a quick sale,"
says Mr Iain Robertson, the
SDA's chief executive. "And
we will be seeking pro-active
buyers, not traders."

The SDA and other sources acknowledge the intention is to sell everything to two, or maybe three if necessary, buyers. The tranche of property to he divested was valued at £100m in 1988, but the SDA hopes to raise more than this. The two portfolios up for sale are split 8020, according to one agent. The £200m New Town portfolio will be sold off over a longer period. Private sector

rothes will be the first in 1991, followed by Cumbernauld in 1993, Livingston in 1995 and Irvine in 1996.

Although the process might change the price of land, few think it will change the profile of new arrivals in the market. Buyers tend to be British companies, traditionally in engineering, while foreigners, often in electronics, want to lease. The SDA's "Locate in Scotland" programme has been targeted mainly at the US and Japan, fo the detriment, say some agents, of the south-east of England. "We fail to market the Scottish quality of life to the south-east," said one prop-

local development companies will replace the development

corporations of all five New Towns, East Kilbride and Glen-

arty consultant.

The Japanese are still big investors in Scotland. The country has a high international profile. Low staff turnover and wages help, as do golf and whisky, which between them make the country a household name in Tokyo. The establishment of "Silicon Caen"

through the 1980s means there is a pool of experienced labour. Foreigners continue to build electronics plants. The list of names is impressive: IBM, Compaq, NEC, Motorola and more. The shock of seeing Wang pull out early in the summer is countered by the SDA who point out that the property vacated is already taken by Compaq.

One key attraction of the

One key attraction of the New Towns is that they have their own planning authorities. Livingston is identified by one chartered surveyor as being the nimblest in attracting new residents. Others say Cumbernauld has overcome its early poor image. East Kilbride is running out of land as one or two of its residents hit hard times — Anderson Strathelyde, the mining equipment subsidiary of Charter Consolidated, said in July it was closing its East Kilbride plant as part of a drive to improve return on capital. National Engineering Laboratories is to be restructured following unsuccessful attempts to privatise it. The SDA and others are looking forward to the arrival of the uniform husiness rate next year. Mr Robertson said: "It will help give confidence that rental levels will have a steady

If the SDA's hopes are borne out, rates reform and the privatisation of large tracts of industrial property in Scotland will eventually re-invigorate industrial investment. In the short-term, few dispute that uncertainty will encourage developers and investors to stay their

Danny Green

### COST OF HOUSING

# Prices still on the up and up

IF YOU see house prices as a measure of a country's economic, political or even emotional health, then Scotland has been a reasonably prosperous place in the past two years.

The phenomenon of sharply rising home prices, previously thought to be confined largely to the south of England, has reached many parts of Scotland. Unlike the southern half of Britain, the rise has continued into this autumn with little sign of flagging. Although the differential between house prices in Scotland and in the UK sa a whole has not closed, important changes are taking place in the structure of the

Scottish housing market.

The boom in house prices came later to Scotland than to other parts of Britain as the ripple of price increases spread from the south. Edinburgh was the first city to be affected in a big way, partly because of the arrival of new well-paid executives recruited from the south to work in the financial ser-

vices industry.

They had realised large sums of money for their homes in London and the south-east and were prepared to bid highly for the relatively few sizeable detached bouses available in Edinburgh and in the surrounding countryside. Later the Glasgow area enjoyed something similar as British Petroleum moved several hundred executives to Glasgow.

dred executives to Glasgow.

Other people moving up from the south, either to retire to their homeland or to seek what they saw as a superior quality of life in the unspoilt Scottish countryside, helped trigger price rises. In 1988 the average price of all houses in Scotland rose 22.1 per cent, according to the Halifax Building Society, with Edinburgh going up by 39.5 per cent, Glasgow by 29.4 per cent and Aber-

The rises have continued this year, according to the Halifax. By the end of the third quarter of 1989 the average price of houses in Scotland had risen by 19.8 per cent in the preceding 12-month period. Scottish house prices continued to go up because of unsatisfied demand and the fact

that Scottish house bnyers, being less heavily borrowed than their counterparts in the southern half of Britain, were less affected by high interest

There are big differences according to place and type of property: detached houses in Edinburgh rose 72 per cent in the year to Ssptember 1989, while those in Glasgow went up 40 per cent and Aberdeen 32 per cent. The average price of a semi-detached house rose by only 7 per cent in Edinburgh, while it went up by 18 per cent in Glasgow and 16 per cent in Aberdeen.

Edinburgh was the first Scottish city to be affected in a big way

But some of the steam may have gone out of the market in the third quarter of the year. Mr Mike Rutterford, managing director of Stuart Wyse Oglivie, which claims to be the leading chain of estate agents in Scotland, says that the number of huyers in the market are down by 25 per cent. "Lawson's policies have bitten up here, too," he says. He was speaking before the base rate went up to 15 per cent, which could further deter first-time buyers.

However, the Royal Institute of Chartered Surveyors in Scotland says up to the end of August there was no sign of recession reaching Scotland. Prices achieved were often 50 per cent above the asking price.

In Edinburgh the Edinburgh Solicitors' Property Centre, the major force in the Edinburgh market, reports only a 10 per cent drop in sales volume in the third quarter. The outlook appears to be for house prices in Scotland to continue to rise, though less fast. Yet in spite of the continuing increases the gap between house prices in Scotland and the UK average

Whereas at the end of the last house price boom in the early 1990s everage prices in Scotland were only slightly below the UK average, the

has not closed.

Scottish average was £47,301 at end-September 1989 against a UK average of £62,238. For most other parts of Britain, says Mr Gerry Marsh, the Halifax'e economist, the differential between different areas has come back to the historic norm, but for Scotland that has yet to happen and he does not believe it will happen in the current cycle.

That means that it is still relatively cheaper to live in Scotland than elsewhere in Britain. However, Mr Rutterford, whose company is now the Scottish estate agency arm of General Accident, says: "There is an underlying confidence in the Scottish market that wasn't there three years ago. There's a feeling that we are in for a prolonged period of prosperity."

He argues there is strong latent demand in the market,

even though it may not be realised immediately. "When interest rates come down English people will be able to sell their homes again and come np here, and there's tremendous demand from Scots who want to upgrade themselves." According to Government statistics the percentage of Scots owning their own homes has now reached 45.7 per cent compared with 35 per cent when the Conservatives came to power in 1979, thanks in part to the success of legislation giving council tenants the right to buy their rented prop-

erties.

Mr Rutterford quotes sample surveys snggesting owner occupancy may now be around 48.5 to 49 per cent and could go through the 50 per cent barrier next year since council tenants are still buying heavily. "That's a fundamental change," he says. "The new owners, who bought at a big discount, realise they are sitting on a substantial profit and will go into the market place to buy a bigger and better property for their family. This is an important source of latent

demand."

Mr Rutterford is meanwhile one of the leaders of another hig change in Scottish residential property, a gradual switch in many areas from the use of

solicitors to estate agents in the sale of property. Scots have traditionally used their solicitor to sell their properties for them, as well as handle its con-

Only in Glasgow did estate agents always have a strong hold. In other towns, especially Edinhurgh, the eolicitor not only handled the conveyancing of a property but advertised it and negotiated its sale. Estate agents have grown np over the past decade in the east of Scotland, partly out of dissatisfaction with some solicitors' past marketing techniques, which amounted to little more than

'There's a feeling we are in for a prolonged period of prosperity'

advertising the property.

As estate agents began to make inroads into the solicitors' property husiness solicitors reacted by becoming more like estate agents in their activities: some solicitors' offices now look remarkably like those of estate agents.

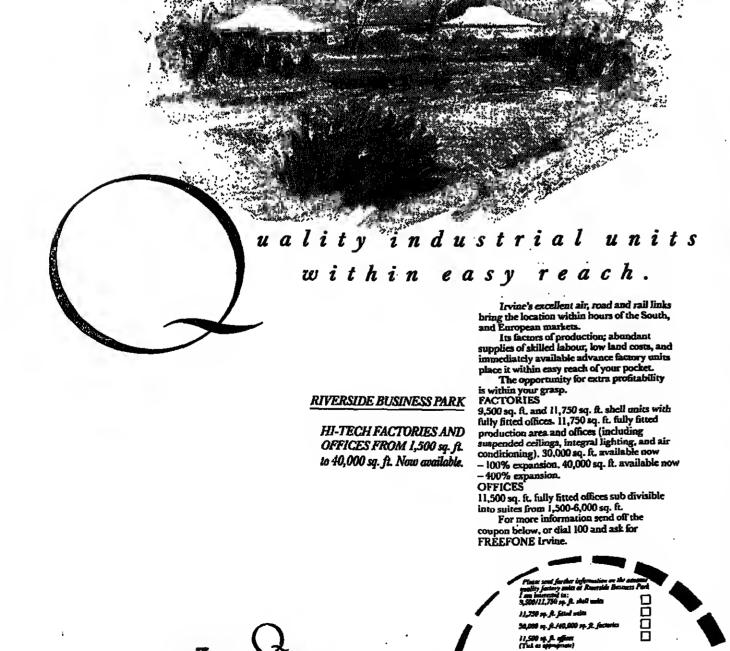
like those of estate agents.

In Edinburgh and several other towns, solicitors use a centralised property marketing operation: the Edinburgh Solicitors' Property Centre (ESPC) is a single shop which displays details of all the properties being offered by the area's solicitors and claims to have \$2 per cent of Edinburgh's housing transactions, largely fighting off the estate agents in the city, though not in the sur-

rounding countryside.

"The solicitors' property centres will be fine until supply exceeds demand," he argues. He says the weakness of the system hecame clear when house prices slumped in Aberdeen in 1986-87 because of the downturn in North Sea oil activity. "There were far too many properties being advertised by the centre. Aberdeen needed salesmen," he says.
"We went in and set up an active them. Now were to the centre of the centre of them.

tised by the centre. Aberdeen needed salesmen," he says. "We went in and set up an office there. Now we've got 12 per cent of the Aberdeen market."



QUALITY IS OUR

LIFE AND WORK

### TECHNOLOGY

Della Bradshaw explains why companies are choosing to let private contractors manage their facilities

# One's burden is another's profit

he American state of New York and Bir-mingham in the UK may seem worlds apart. But technologically they have at least one thing in com-mon. The governing authoritles in both places have washed their hands of some of washed their hands of some of their information technology facilities. Rather than running them themselves, they have decided to pay private compa-nies to operate the services for

But would you hand over your computer systems or tele-phone network to be run by an outside company? A growing number of companies – from banks to retail chains and manufacturers to services com-

manufacturers to services com-panies — are doing just that. They are employing organi-sations — with the confusing title of facilities management companies (FM) — to run these services. (In the US, facilities management refers to the running of systems within a company by its own staff.)

In the case of Birmingham City Council, the computer services are now being run by ITnet, of Birmingham, in a deal worth £30m over five years. New York state has handed over all of its telephone services to the New York tele-

phone company Nynex.

But most companies are still wary. In particular, there are two "emotional hurdles" that companies have to overcome before they opt for FM, says David Andrews, partner in charge of Total Support Facil-ity (TSF), the FM arm of Andersen Consulting.

The first is the belief that information technology is too important to leave in the hands of outsiders. The second, that the information is too valuable to let outsiders even sneak a look at it.

For some companies, such as

WHETHER your information technology services are run by your own shift or by an outside agency, the computer is on hand to help you manage

Systems for premise management (also called facilities management or integrated building management) enable companies to move their furniture and equipment around on the computer screen before they move them for real.
The systems have proven

particularly useful in companies where staff change their jobs or location frequently. In banks, for example, it is esti-mated that the "churn rate" is at least 100 per cent a year, says Graham Hewitt, marketing manager for Isicad, of Wokingham, which produces these computer systems. "We can't reduce the churn: it's part of the business," says Hewitt. "What we can do is reduce the pain and reduce the

Companies that have already taken the plunge include the Stock Exchange, Shell and National Westminster Bank. Systems suppliers Decision Graphics, of Crawley, and traditional computer-

DRG, the diversified paper and manufacturing company in Bristol, there were no qualms on these counts. Because DRG sold its computing centre to TSF as a discreet business, the same people were employed to run the services, reports Donald McPhee, administrative director of DRG.

FM companies also aretic

FM companies also argue that the security in most com-panies is minimal anyway, and far more stringent measures are taken by the agency which is under contract to provide secure services. TSF, for exam-ple, has at least one data cen-tre designed to withstand a terrorist attack. A contract agency can be sued if the system goes down or data lost an in-house department can-

Many other European companies are surmounting these hurdles and following their US counterparts in signing up for FM. Although there are no offi-cial figures for the value of these contracts, estimates put the revenue for computer installations in the UK alone at about £400m this year. Three years ago the figure was negli-

There are several reasons why companies choose to use FM companies rather than go it alone. The main catalyst is that the company is at a "crossroads" in its information technology development, says Peter Falconer, marketing director of the facilities management division of the Hos-

kyns group in London. The Lewis's Group of Salford, a department store chain, is a case in point. It signed an FM contact with the London arm of Electronic Data Systems of the US to run its computing and telecommunications facilities when the retail chain separated from Sears, its former parent. After the buy-

aided design companies such as Integraph, of Swindon, sell systems that help automate at least part of the process.

To use premise management tuols, the company has to feed in the data available on the location of terminals, cabling, fire alarms and security

The system provider looks at the reporting structure and management procedures followed within the company. Some companies may want to charge individual departments for the floor space they use, and that approach would have to be fed into the computer.

Once the computer is pro-grammed, drawings are dis-played on the screen of the wiring, furniture and so on. To move an employee's place of work the desk is highlighted on the screen and then moved to another location.

If that employee needs, say, nal and access to an electronic news service, the system would highlight the nearest sockets or connection points for those services. Once the move is approved, a work schedule and plan are printed out for the engineer to follow. own computer or going for another option, such as FM.

The company wanted to expand its main business — retailing — and increase its number of stores from 10 to 12. What it did not want to do was to worry about the telephone network and data processing

centre.

Birmingham City Council opied for FM when it could see such a crossroads approaching. It wanted to pre-empt probable Government rulings that computer services — like street cleaning and rubbish collection — should be put out to competitive tender, says Bernard Faritive tender, says Bernard Farrar, city treasurer. Instead it negotiated the deal with ITnet under which any of the 170 computer department staff could transfer to the FM com-

A more recent development is that companies are finding it increasingly difficult to employ suitably qualified staff, reports Falconer. "We are noticing that people issues are the big-gest ones. It's a seller's market at the moment."

Companies are therefore

ont the company was faced because they can offer them with the choice of installing its more exciting projects. The own computer or going for bread and butter tasks of FM employees are upgrading soft-

employees are upgrading soft-ware or dealing with a systems crash — the sort of work com-puter staff within a company rarely deal with. But in the end, says And-rews, "It's all a question of money." Although Birming-ham City Council, for example, is paying about £m a year to ITnet, Farrar believes the council will save about £m a council will save about 21m a

There are three main areas of savings for companies opting to go down the FM route:

They are often swapping a fixed cost (of bnying new equipment) with a variable cost spread over a period. As information technology equipment, the a birther rate of observed. ment has a higher rate of obso-lescence than the average piece of, say, office furniture or machinery, many companies are persuaded that they can drop out of the race and let a contract person keep in touch

on their behalf.

They use axtra services only when necessary — and do not have the expense of installing the equipment to deal with the peaks. That does not just offloading the burden of the peaks. That does not just and computing facilities conrecruiting qualified staff on to the shoulders of FM companies. Falconer believes companies which need to employ extra it will pay film over the life-staff for a short period for a

host of different reasons.
Stockbrokers Laing & Cruickshank, for example, has gone to Hoskyns to supply an injection of temporary staff while it changes over from an IBM computing system to one using Digital Equipment and McDonnel Douglas equipment. During the change-over period Hoskyns will run the older sys-During the change-over period Hoskyns will run the older system as back-up, while the Laing & Crudchshank staff are trained to use the new system.

Thay accrna savings through the economy of scale in which the FM companies, operate. FM companies, for example, can afford to buy mainframe computers and divide them up so that different parts are used for different clients. They can also employ groups of staff with a specific expertise which a number of

capacity.

But an FM contract is not cheap. The Lewis's Groop, for example, has employed EDS to run its telecommunications

expertise which a number of

clients need. The former DRG

computer centre in Bristol, for example, has been expanded by TSF so that it can be used by other companies — or by DRG should they need the extra

gets for that is hard to define, but it includes certain upgrades to the systems.
Some companies may be

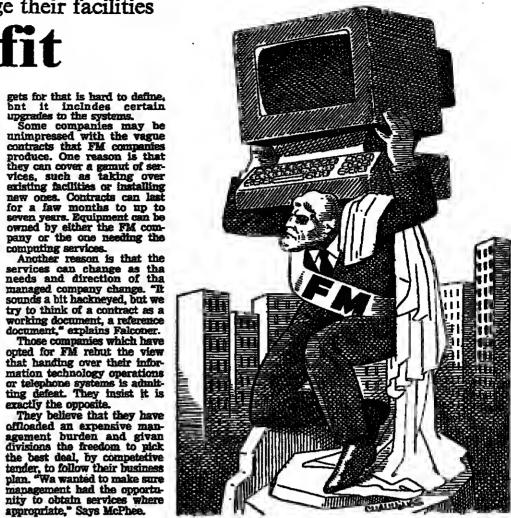
unimpressed with the vague contracts that FM companies produce. One reason is that they can cover a gamut of ser-vices, such as taking over existing facilities or installing new ones. Centracts can last new ones. Contracts can last for a faw months to up to seven years. Equipment can be owned by either the FM com-pany or the one needing the computing services.

Another reason is that the services can change as tha needs and direction of tha

managed company change. The sounds a bit hackneyed, but we try to think of a contract as a working document, a reference document," explains Falconer. Those companies which have opted for FM rebut the view that handing over their information technology operations

or telephone systems is admit-ting defeat. They insist it is ting defeat. They insist it is exactly the opposite.

They believe that they have offloaded an expensive management burden and givan divisions the freedom to pick the best deal, by competetive tender, to follow their business plan. We wanted to make sure management had the opportunity to obtain services where



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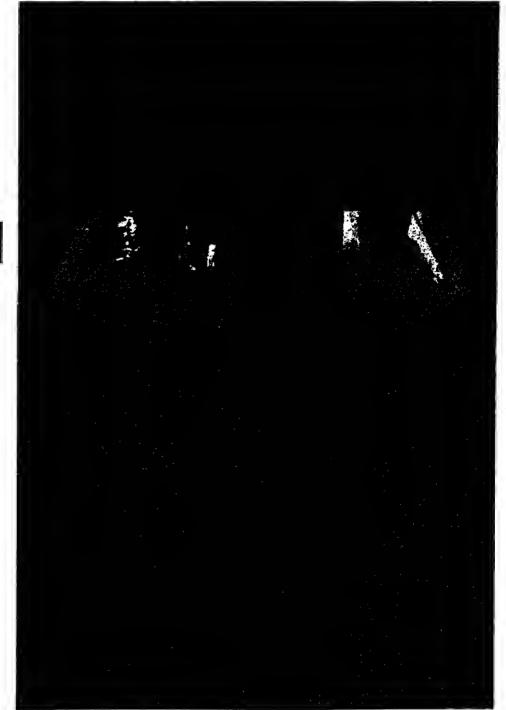
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EXCELLENCE.



# Hybrids make the grass grow greener

which have not been previ-ously developed because of technical difficulties and economic constraints.

According to Jan Leemans,

over a feetife.

- - E 2 - 178

research director of PGS, the company's system has been applied to oilseed rape and is being extended to other cash and industrial crops, including vegetables and cotton.

Since the introduction of hybrid corn in the early 1930s, seed companies have been searching for more efficient searching for more efficient ways to make hybrid seed. Plant breeders create hybrid varieties to develop crops which will perform reliably year after year. Hybrid seeds give farmers a more consistent yield and a crop which is more vigorous and more resistant to pests and disease.

peats and disease.

Plant reproduction, as PGS explains it, can be accomplished in two ways. The first is through self-pollination, in which the pollen from a plant fertilises the pistils (famale reproductive organs) of the sama plant. The second method is cross-pollination, where pollen from the anthers (the male reproductive organs)

of one plant is carried to the pistils of another plant.

Hybrids are created through cross pollination. Different lines of the same or similar crop species are combined - each with specific desireable traits - by using a male sterile line to ensure that the crop does not self-pollinate. The

lotting out the sex of a crop plant is the key to a biotechnology breakthrough being claimed this week as a big advance in hybrid seed production.

Plant Genetic Systems, a private company based in the Belgian city of Chent, believes its discovery will help the agriculture industry to create hybrids which have not been previ-Angeles – have succeeded in isolating a promoter that allows the expression of a gene exclusively during the development of a plant's anthers. Lee-mans says this anther-specific promoter has been used to express a gene conferring male sterility in the plant.

Through this promoter a pro-tein encoded by the gena is expressed during the critical few days when pollen would normally develop in a plant — thereby suppressing its production. The protein disappears after rendering sterile the plant male, allowing it to con-tinue normal development.

Independent endorsement of the PGS claim has been given by Michel Renard, research director and plant breeder at the Institut National de la Recherche Agronomique in Le Rheu, France. He says the oilseed rape discovery "not only represents a major technological breakthrough, but gives breeders great flexibility to create new hybrid varieties."

Leemans adds: "A major advantage of this technology is that it can be applied to many

crops without losing other important traits."
PGS's other developments include the engineering of insect resistance in plants — thereby eliminating the need for insecticide — and herbicide resistant plants intended to allow farmers to use a new generation of safer herbicides

on their crops. Tim Dickson































or over a decade, well-meaning parents across Europe and North America have been giving their children 'Speak and Spell" and other noisy electronic toys from the Texas Instruments stable.

As the toys grew ever longer in the tooth, TTs competitors began to think it had chosen to surrender the business, and of relief. But now it is back in the market with a vengeance.

This Christmas thousands of American children will unwrap one of TI's new range of "Learning Path" products. such as the "Voyager" voice recognition headset computer, and - hot onto the market this month - a "Listen and Learn"
12-sided ball which matches name and noise to whichever animal picture the child has turned uppermost. In Europe, the same range is starting to appear under the umbrella title of "toys with intelligence."

The individual most to thank (or blame) for some of the indi-vidual product ideas, and for inventing the "learning path" - a step-by-step progression of such toys for different age groups - is Gene Sulek, TI's chief industrial designer.

Sulek stresses that the con-ception and development of the product range has been very much a multidisciplinary team effort between himself and specialists in product management, marketing, engineering and production, as well as external design consultants.

But the team's leader, Elaine Kauffman, who is education products business manager in TI's consumer products divi-sion, says Sulek's involvement in the team "reached far beyond the normal role of an industrial designer - he's a real strategic thinker."

A study of the methods by which the Voyager and its fellow products were developed in double-quick time, leading to its successful launch in the US a year ago, forms just one of 13 such development projects from well-known companies in the US. Europe and Japan which have been on show in Boston this month in a remarkable exhibition called "Triad

After moving to Chicago, the exhibition will visit Europe next year, starting with the Hanover Fair in March. A local language version is now on tour in Japan.

The show is significant for at least three reasons. Not only is it probably the best international exhibition ever staged on the process by which prod-ucts are designed and develProduct development

# Unleashing the potential of design

Christopher Lorenz explains why an international exhibition staged this month in Boston demonstrates that industrial design plays a strategic role far more frequently than is realised by most company executives



often more effective at manag-

ing the development process.
Pinning Harvard Business

School's colours firmly to the

design mast, its Dean, Professor John McArthur told the conference that the Triad

Design project dealt with a topic that US business schools

had always neglected. The project would prove to be "the

start of something hig."

Design was increasingly critical in a fast-moving, competitive world, declared his col-

league Professor Robert Hayes, whose 1990 article on "Manag-

ing our way to economic decline" helped reawaken US

industry to the competitive

it used to be in the US and

Europe, Hayes argued that "too many designs fall to meet customer needs, and we know very little about why some

companies are better at manag-

eight projects discussed in

detail at the conference, and

the full set featured in the

From Trs Voyager headset to Yamaha's first digital wind

instrument, and from a Philips

ultrasound medical diagnostic

machine to a clever Swedish

screwdriver made by Bahco,

"Triad Design's" message is that considerable extra compet-

That is no longer true for the

ing design than others."

Triad exhibition.

hough design's importance is being recog-nised more widely than

importance of manufacturing.

oped, but it demonstrates that industrial design plays a stra-tegic role far more frequently than is realised by most executives - including enthusiasts such as TT's Kauffman.

The research effort which went into the exhibition also paves the way for design man-agement to be taught at the Harvard Business School for the first time - a move which is expected to prove at least as influential on American industry as the London Business School's pioneering courses have been in Britain.

The show, which was designed by an American in collaboration with the exhibi-tion arm of Giltspur, a UK company, was mounted by the Boston-based Design Manage-ment Institute. The latter also organized the background organised the background search.

Harvard professors were prominent among the 33 speakers at a four-day international conference in Boston earlier this month to coincide with the exhibition's opening. Among the corporate representatives were senior executives from companies as varied as Bram, Dictaphone, Digital Equip-ment, Philips, Sony and Yamaha, as well as II.

Together, the exhibition and conference illustrated only too well why product design and development successes of TT's type are all too rare in US and European industry, and why Japanese companies are so



Texas Instruments' Voyager headset (left) and Sharp's all calculator - two of the products on show at the Triad Design exhibition in Bosto

ltiveness can be gained by involving industrial designers as an equal partner with marting, engineering and manufacturing throughout the devel-opment process. This is in harp contrast to the way designers have been used in most companies, as "stylists" who are called in late in the process just to provide attractive shapes and colours.

As Gary Rado, TTs vice-president for consumer products, told the Boston conference: "We can no longer rely just on technology, marketing or price to differentiate ourselves. Design must be added to the list as a new 'enabler'." Coming from a company which has been dominated since birth by

engineers, a commitment like that is doubly significant. Though TI as a whole (as distinct from Rado's division) is still "a design illiterate company", in the words of its design chief Gene Sulek, it is clearly learning fast. On the still-expanding Learning Path product range, industrial design is most definitely working throughout the development process along with all the other functions, according to Kauffman. "It's a network throughout – a shared type of

Similarly, the conference was told by a senior executive from Sony, Aki Amanuma, that industrial designers in his company frequently help initiate the basic concept for a in all parts of the "triad" have

product. Yet the Triad project research shows that, even in es where designers' concep-

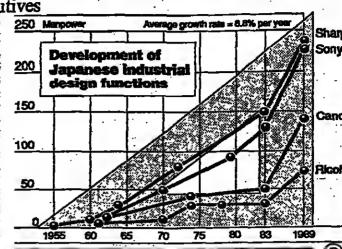
tual influence is less clear, they play an invaluable part in the product development pro-cess, not just because of their drawing and visualisation abil-ity, but also through what Karen Freeze, the project's research director, calls their "multilingual skills" – their ability to communicate with a wide range of other disciplines in technical language that those specialists can under-stand. "Yet management does not often realise this," she

says.

The most damning comparison of how manufacturing companies in different countries use design - or fail to -was provided at the conference in a joint presentation by two very experienced design profes-sionals, Arnold Wasserman of Unisys (the computer company formed through a merger of Burroughs and Sperry) and Bill Moggridge of ID Two, a consul-

Wasserman, an American, is one of the few US design managers to have reached the level of vice-president (he previously held a similar position at Xerox), while Moggridge, an expatriate Briton, runs a San Francisco/London/Hanover firm which does a thriving business in Silicon Valley, Japan and Europe.

Design-conscious companies



roved through several stages of design management, according to Wasserman and Mog-gridge. Some have just relied on a "design person", either the company chief (such as Steve Jobs when he ran Apple, and now at Next computer), or the design director, such as Dieter Rams of Braun; Gillette's West German appliance subsidiary.

Others, including some which have since progressed from that stage, such as Apple and IBM, have moved on to "design policy", institutionalis-ing design into a set of policies

and procedures.

A third stage, which Wasserman and Moggridge call "strategic design" and which they examplify by Sony, integrates industrial design more deeply into the company. In such cases, much of the design effort is devoted to such broad activities as lifestyle research, in order to anticipate product concepts ahead of competitors. Charting the steep growth of

design resources in Japanese consumer product companies (see chart), Wasserman and Moggridge said that design usually begins life as a small service department located within the engineering function, "Whereas most American industrial design departments remain buried six levels down, Japanese design has been recognised as a strategic up, is directed by a general with other functions."

At Canon and Ricoh, for

instance, design is organised as a separate husiness unit, while at Sony and Sharp the design as a seat on the company's board. At Sharp, Ricoh and other

Japanese companies, according to Wasserman and Moggridge, 4 per cent or more of the company's total budget for research, development and engineering is spent on design
— at Canon and Sony the rate
is as high as 6 per cent. Yet no
major US company spends as much as 2 per cent, they said.

n contrast with the sharp increase in Japanese in-house design staff over the past 15 years or so, Ameri-can numbers had fallen as part of the general drive to "downsize" corporate staffs. "Is there a message here?" asked Wasserman.

back. Otherwise, regardless of what a company might declare about design's importance, "you have decided not to com-

companies allow successful

"American executives invariably feel that design should be free," he said. "Two per cent is the absolute minimum you can spend and hope to get anything

pete through design."
One of the problems, said
Wasserman and Moggridge, was a difference in strategic philosophy between Japan and the West. Whereas western

products "to roll on indefinitely, their Japanese competitors innovate continually." This not only keeps their product lines fresher and broader, it also enables them to sustain constantly active design and development departments. This, in turn, helps them accelerate the product development process – a common target of most companies these days, but one which many western companies are finding elusive. Suggesting various ways of shortening the development cycle, yet of still having

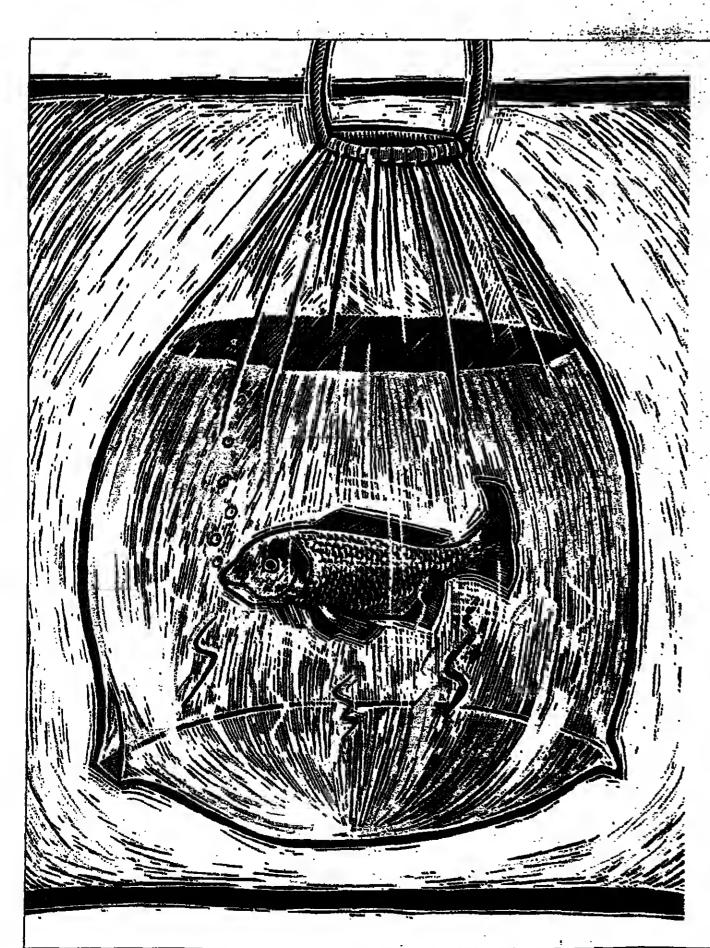
enough time to deepen the use of design as part of the corpo-rate "thinking process"; Was-serman and Moggridge drew extensively on the way Xerox used design as a central part of its competitive recovery pro-cess in the mid-1980s. By using input from market res personal observations of con-sumer behaviour, technological trends and so forth, the designers "cooked up a creative soup," says Moggridge. The end result was a range

of copiers which were much easier to understand and use than their predecessors; this was part of the reason why Xerox's US market share bounced back to 55 per cent in 1995 from its law entire of 41 1985 from its low point of 41 per cent in 1982. Wasserman and Moggridge's

concept of "strategic design may seem far-reaching, but it is not ambitious enough to sat-isfy two academics who argue that, for design to be completely effective, it needs to "infuse" an organisation. Professor Henry Mintzberg, a

Canadian who for years has been a leading scourge of the "scientific" school of strategy and management, told the conference that it was insufficient merely to advocate that design should be put on an equal foot-ing with other, more conven-tional, functions. Instead "it has to infuse an originisation, just like quality," he said. Angela Dumas of the London Business School, who originally coined the term "design infusion," was concerned that building up design as a sepa-rate function "builds barriers around it. Drawing a parallel with accounting, she recalled that accountants used to be tucked away in a corner of organisations before manage-ment accountancy developed. "Now everyone in an organisa-tion does some accounting every day. The same is true of design or should be." An ambitious target maybe,

but one which certainly intrigued the executives in the andience, as well as the Harvard professors.



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# Speyhawk opts for caution

By Paul Cheeseright, Property Correspondent

peyhawk is taking on a more defensive attitude to the property market. It is not alone. A combination of overheating in the sector and a generally more gloomy outlook in the economy is making many of yesterday's freewheeling entrepreneurs into today's cautious financiers.

For some months now, conversetion et the industry's lunch tables has circled around soft landings and hard landings. If there is any measure of agreement it is that for investors and developers the next couple of years are going to be duller than the last two.

"I've been in the industry for 25 years. I know its dangers, said Trevor Osborne, the chairman of Speyhawk. And, certainly, there are enough dan-

The growth in returns from property has started to slow, as the IPD Index has been indicating since the spring. Now the Bank of England has made another public warning about bank lending and the Confeder-ation of British Industry has published its least encouraging survey about investment intentions for over six years. Strong demand for space is no longer spread through all sectors and there is a great deal of new huilding coming on stream. The stock market is edgy, suspicious of the property sector generally and companies like

Speyhawk in particular. Speyhawk, indeed, had nearly 20 per cent of its market capitalisation wiped off on October 16 when the sector as a whole dropped 5.5 per cent. The company has been trading on a price-earnings ratio of just over 6.0. It is a company bro-kers like but from which new investors recoil.

The company is not helped by the fact that its shares are tightly held and thinly traded. On October 16 hardly any shares changed hands. "Investors don't want to invest in things which are ambitious, asserted Mr Osborne. What the market wants to invest in is non-risk, high yield and there's not too much thought for future growth. The share prices of companies representing growth will be held back."

Development companies, by

definition, represent growth. Speyhawk has a development programme with a completed value of about £1bn stretching out over the next three years. Although it strengthened its capital base with e £20m preference share issue last May, its financial needs on the market are limited. But it needs to keep its share price up.

Hence the company has over the last two years been at pains to stress that it is build-ing up its asset base as well as following its habitual line of business: finding sites, adding value with new construction

and selling on.
This has made little difference to the way the market has regarded the company but it is an indication that defensiveness had begun to creep into corporate attitudes after the

October 1967 equity crash.
But. now, changing conditions on the property market itself have meant other changes have may Speyhawk does its business

"We've sold one or two things of late. It's time to reduce gearing. It's prudent," said Mr Osborne. Around £95m was realised when, 10 days ago, Speyhawk with Reinhold, its joint daveloper, sold two cen-tral London buildings to Skan-dia Insurance. Last April, the Ramada Renaissance Hotel in Brighton was sold to Mount Charlotte Investments for £30m. Kings Cross House in central London realised £45m when it was sold to a consortium in March.

Last April, Speyhawk had recourse borrowings on its bal-ance sheet of £54.58m. It was exposed to \$6.33m on limited

recourse borrowings taken out by special purpose companies within the group, and to a further £36.35m of borrowings held by joint venture companies in which it is involved.

Obviously the high interest rates are uncomfortable for everybody, but Mr Osborna draws e distinction between the sharp rise of short term rates and the more modest cost

rates and the more modest cost of longer term money. Eighty per cent of Speyhawk's borrowing has an interest rate cap.

Next month the 1988-89 figures will be published and they will show the exact extent of gearing. But it is not likely to be much less than 70 per cent on the balance sheet and perhaps as much as double that if off-balance sheet financing is taken into account.

Using other people's money for development is scarcely unusual in the property industry. And there still remains plenty of it about. "I don't find banks as nervous as newspa-pers suggest they ought to be," commented Mr Osborne. Yet it is a sign of the changing conditions, a manifestation of its preoccupation with asset backing that the stock market is nervous about gearing. This has prompted e return to meth-ods of funding that were more

common before the surge in

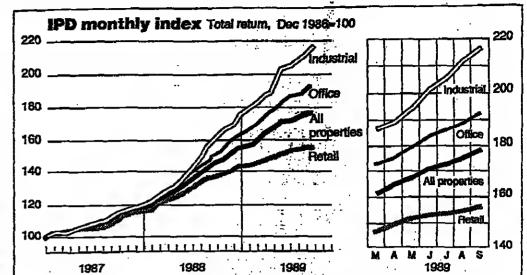
bank lending started.
"We're talking about forward funding (where an institution pays for a development and the developer takes an agreed level of profit if construction is completed on time, on budget and the building is let) and a year ago we wouldn't have done,"

Mr Osborne noted. Forward funding is itself a form of restriction on the sort of development the company is prepared to undertake, because the institutions are not generally interested in fringe locations. This agrees with what

the company is doing.
"It's time for e cautious approach, so you only go into projects which are actually prime. This is not a time for filers," Mr Osborne observed. And "prime" denotes a number of things. In the City of London it means "this is the time to be only in core locations." And it means the construction of

means the construction of decent buildings — "people building cheap will find it pretty hard going."

Demand for space is holding up pretty well in the office and industrial sectors, less so in retail. But if interest rates stay high for more than a matter of months then there will be many more worried property people around than there are



# Rental growth slowing

Property investments performed marginally better in September than in August, but the returns for the third quarter were the lowest of the year so

The latest figures from the monthly index of the Investment Property Databank emphasise the trend that became apparent in the spring-property continues to provide high returns but the rate of

increase is slowing.

In September, the rate of rental growth remained high although diminishing in the speed of increase. Capital growth has been lagging in

comparison with a year ago.

For the first nine months of the year, the total return was 15.1 per cent. Over the year to September, the total return on all properties was 22.4 per cent, but in the year to Sep-tember 1988 it was 30.8 per

Last month, the highest per-former was again industrial property with a total return of 2.5 per cent. During the third quarter, total returns were 7.1 per cent, the highest for the year, and over the last 12 months have been 34.4 per cent. But in calendar 1988, the total return from industrial

property was 46.7 per cent.

Total returns from office property were 1.7 per cent during September, a recovery from August. But at 4.8 per cent for the third quarter, the rate of growth has been edging

The most troubled sector has been retail where there is evidence that yields have continued to widen. During the year to September, rental val-ues grew much more quickly than capital values—14.5 per cent against 8.8 per cent. In September, the total return from retail property was 0.9 per cent, the same as in August. The total return in the third quarter was 3.1 per cent.



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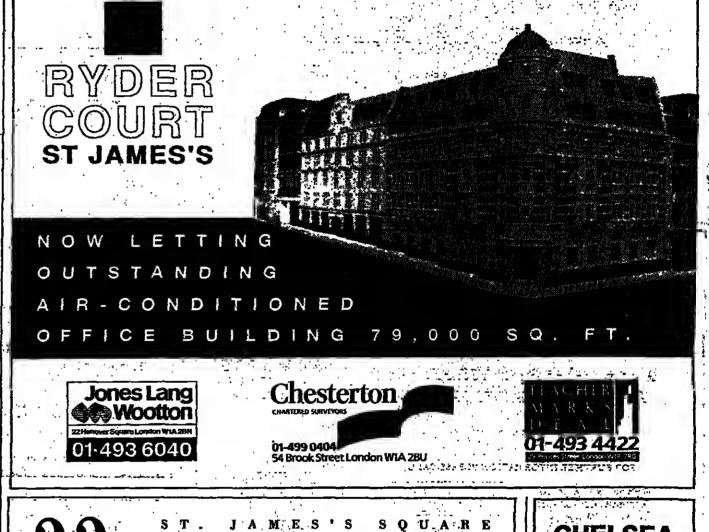
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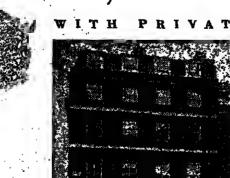
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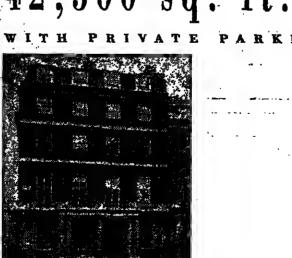
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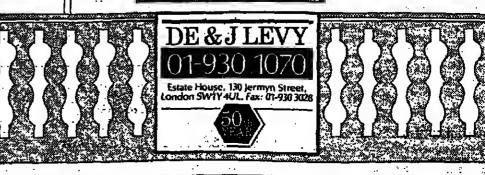
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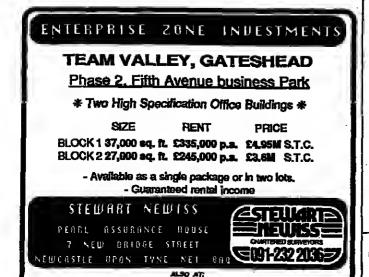
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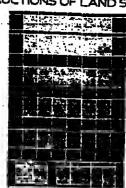


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quet, 57 257.

on 8 November 1988 at 11.30em for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it blinks fit, establish a commettee to express the functions conferred on creditors' committees by or under the Act.

creditors' committees by or under the Act.
Creditors are only entitled to vote it.
(a) they have delivered to me at the above
address, no tater than noon on 7 November 1909, written details of the debts they
claim to be due to them from the company, and the claim has been duly
admitted under the provisions of Rules
3.11 of the Insolvency Rules 1995; and
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### EXHIBITIONS

The Hayward Gallery. Andy Warhol - two years after his death, a comprehensive retro spective of the career of this seminal yet ambiguous and still controversial artist, since be turned to painting from graphic design in the early 1960s. Sponsored by BP. Until November 5. by BF. Onth November 3.

The Royal Academy. The Art
of Photography 1839-1989: in celebration of the 150th anniversary
of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical lopments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Daily until

Musée des Arts Decoratifs. Je books. After two years of meands, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picas-so's development. There are cub-ist flat planes decomposing real-ity next to the fulness of o-classical figures, there is the almost sugary rendering of the mother and child theme next faces, there are all the facets The Ends December 31. mian glass 1400-1989. Some 200exhibits, among them the famous ruby-coloured glass, showhow — having freed themselves from Venetian influence - thegis makers of Bohemia carried the art of cutting and engraving and painting to such perfection dur-ing the baroque period that the renown of Bohemian crystal conquered countriesas far apart as Spain and America, Egypt and Ireland. 107, rue de Rivoli (42603214), closed Tue, ends Jan

years since the birth of photogra-phy the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole recount the genesis of this inven-

geois), Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photosraphie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson). Musée Bodin. A delightful 18th century townhouse - Hotel Biron - contains the life work of Auguste Rodin, whose powerful genius opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers

of Calais trudge to their tragic destiny and Balzac, draped in his cloak, defies time. 77, rue de Varenne. Closed Tue. Galerie d'Art Saint Honore Lucretia. Setting off the white androse coloured body against a deep black background, Lucas Cranach the elder dares to paint at the beginning of the 16th cenis a wistful yet sensuous expres-sion on her face, a lighter-than-air white veil hasizes her total midity and a gold chain rises and falls with the contours of her breasts.287,

rue saint honore (42601503). Closed Sat, Sun and lunchtimes.

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. There are family groups, majestically reclining feminine figures, the hieratic couple of the King and Queen. But most of all, the works, be they in bronze, marble or alabas ter, be they of vast proportions are a hymn to eternal mother-hood. Ends November 19

Europalia Japan 89, Having cele-brated the art and culture of Austria two years ago the Euro-palia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese arts outside Japan. It opens this week with music and dance by the Imperial Gagaku orchestra and an exhibition of Japanesa sculpture and painting at the Palais des Beaux-Arts, Art, music and theatrical events will be on show across Brussels over the val ends on December 17. Bibliothèque Royale Albert 1er, 2 Boulevard de l'Empereur. 50 years of Architecture (1939-89). Daily ends November 10. Palais des Beaux-Arts, The Human Figure: millennia of Japanese art — an overview of Jan nese art from 3000 BC to the 19th century which opens Wednesday and ends Nov 26. Musée Bellevue, Takakura costumes from the Imperial court, Closed Friday, Ends Nov 16.

Musées Royaux d'Art et d'His-

toire. Namban Art, Japanese art works influenced by contact with Portuguese traders. Closed Monday, Ends Dec 17. Musée Bellevue, 7 Place des Palais. Takakura: Japanese Imperial court dress, closed Friday,

ends November 16. Musée d'art Moderne Place Royale. Takeo Yamaguchi and Yoshishige Saito, abstract art in Japan. Closed Monday, ends December 17.

sum of Modern Art (Mubka) 32 Leuvenstraat. New tools - New Images: art and technology in Japan today with installations by Tatsuo Miyalima, Tsuneo Nakai. Closed Monday, ends December 3. Hessenhuis. 53 Falconrui. Japase posters by 12 graphic signers. Closed Monday ends

### Madrid

Fundacion Juan March. Retro-spective of Edward Hopper opens the autumn season at the foundation. 51 works by the New York realist covering a period of 56 years. Until Jan 4. Palacio de Velazquez, Some 22 paintings and 20 drawings and engravings by Sean Scully, one of the most important figures

Fundacion Caja de Pensiones. International art. Exhibition of contemporary art from the museum's holdings acquired since1985, including works by Forg, Huber, Mucha, Deacon, Klefer, Polke, Cucchi and Merz. Closed Mon. Palacio de la Virreina, From Revolution to Perestroika.100 Soviet works from the Ludwig

collection - the most comprehen-sive outside USSR. Paintings. sive outside USSR. Paintings, drawings and sculpture of artists from two different periods: his-toric vanguard upto 1930 and contemporary art. Ends Nov 30.

Beethovenhalle Bonn, 50 portraits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethovenfest, an Andy Warhol exhibition is taking place until October 1. The Bonn gallery owner Hermann Wuensche commissioned these Beethoven portraits from Andy Warhol for Borm's 2,000th anniversary. After a year of intensive study of Beethoven he completed a series of coloured graphic works before he died last year. They are based on the 1821 original, by K.J. Stieler, showing the composer aged 48,

Bruecke Museum, Bussardstolg 9. A Franz Marc retrospective with 130 drawings and aquarelles (1880-1916) most of the German can be seen for the first time

until Oct. 29. His famous handcoloured print of two horses, one bins coloured the other red-black, with a red, blue, yellow and green ground, was published in a luxury edition of the almanac Der blaue Reiter.

### Frankfurt

Kunstverein, am Markt 44. A "Prospect photography" to cale brate the 150th anniversary of the invention of photographs with 130 works from around 80 photographers and artists. Ends

Stadtisches Kunstm Statisches Kunstmuseum, Rathausgasse 7. Glanzlichter 40 years of government support for art. This exhibition shows of art from 11 centuries and attempts to present an impres-sion of all aspects of culture dur-ing this period, with the help of government, foundations and private spousorship. Works by Albrecht Dürer, Wolf Huber. Antoine Watteau, Heinrich Voge-ler, Max Beckmann and Meissen porcelain are on display. Ends Nov 22.

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philoso-pher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. The indomitable staff at the Secession, the won-derfully renovated gallery when Vienna's radical and anti-estabworkshop at the turn of the century, finally raised the funds to organise this long overdos exhibition. Ends October 29 and

The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe. Until November 15.

Palazzo del Conservatori, Campidoglio, Giuseppe Ceracchi (1751-1801), Jacobin sculptor. The exhibition includes a touchinand co-conspirators in a piotto assessinate Napoleon standing at the foot of the steps to the gulllotine. Ceracchi had refused a last-minute pardonoffered by the Emperor, feeling that Napo leon, of whom two remarkable portrait-busts are included in the exhibition, had betrayed the revolution. Also on show are portraits of Joshna Reynolds whom he met in England in 1779. lent by the Royal Academy in London, of George Washington from the Metropolitan and three enquisite preparatory drawings for the Van der Capellen monument from The Hague, Until Nov

Palazzo Grassi, Italian Art 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Paiazzo Grassi, Pontos Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini.

Forte di Belvedere. African Art. The Roots of Modern Art. One hunded and fifty sculptures, mainly in wood, produced by rent tribes spread through est different tribes spread throug cantral, western and southern Africa. The works, lent by 12 major museums and 21 private collections, date for the most part from the last two centuries but with an introductory section containing works from the third century BC. Not difficult to understand the profound influence these precocious abstract works hadon such artists as Picasso and Brancusi and Bra-que. Ends Oct 29.

### New York

Whitney Museum. A special exhibit from the museum's extensive heldings of Edward Hopper highlight the realistic painter's Paris and domestic. scenes among the 150 pieces in all media. Ends Nov 5. Metropolitan Museum. A decade of fabrilous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid, Ends Jan 7.

Art Institute. Fixing the Shadow shadows the history of photogra-phy at its 150th anniversary. Of the millions of possible contribu-tions, the exhibit focuses on 400 pieces by 200 photographers organised chronologically. Ends evember 15.

Vational Museum. Art of the Muromachi Period (1234-1537) Major exhibition featuring some 400 works from the period when the shoguns had consolidated their power, bringing a period of relative peace and prosperity with a resultant flowering of the arts, much of it influenced by Zen Buddhism, such as ink painting, garden design and the tea ceremony. Closed Mondays. National Museum of Modern Art. A Perspective on Conte rary Art: Cologr and/or Mono-chrome. Paintings, prints and sculpture by 21 younger artists from Japan and elsewhere, selected to illustrate the use or absence of colour. Closed Mon-

### MUSIC

### London

(228 302).
Ansterdam Baroque Orchestra,
conducted by Ton Koopman,
with Barbara Schlick, (soprano). Carolyn Watkinson (contra Mozart, Queen Elizabeth Hall (Eri) (228 2002). BBC Symphony Orchestra, conducted by Peter Ectvos, with

Zoltan Kocsis (piano). With the BBC Singers, and the BBC Sym-phony Chorus. Mussorgaky, Bar-tok, Murail. Royal Festival Hall (Sat) (\$28 3002). Royal Philharmonic Orchestra, conducted by Vladimir Ashken

### azy. Mozart, Tchaikovsky. Royal Pestival Hall (Tues) (928 3002). London Symphony Orchesira, conducted by Sir Colin Davis, Magyerok: Berlinz, Dammation of Faust. (in French). Barbican Hall (Wed) (538 8891).

Czech Philharmonic conducted by Vaclav Neumann. Mahler. (Mon) Theatre des Champs Elysees (47203637). Radio France Grand Auditorium (piano). Satie, Ravel, Brahms, Chopin (Thur) Theatre des Champs Elysees (47209687). Ensemble Intercontempora Boules, Bartok, Stravinsky (Thur) Centre Pomoidon

THEATRE London Another Time (Wyndham's). New Romald Harwood play, directed by Elijah Moshinsky, about a white South African Ismily in Cape Town and Maida Vale. Albert Finney plays father and concert planist son across 35 years, suggesting that talent is a means of escape and a rea-son for not going back. Janet Suzman and Sara Kestelman are in support (967 1116).

Veterans Day (Haymarket).

Imperfect Donald Freed nationalist paranola play about three veterans gathered to bump off the President partly redeemed

by fascinating duo of psychotic Vietnam hero Michael Gambon and brightly accommodating Lemmon (980 9632). M. Butterfly (Shaftesbury). Peter Egan has taken over from anthony Hopkins as the torinred diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transve-tile tragedy proves less electrify-ing then in New York; the play is not very good but still worth

seeing (379 5399). Heidi Chronicles (Plymouth).

Ikuyo Nakamichi (piano), and Mayumi Seller (violin), Miyagi, Miyoshi and Mozart, Centre Cul-Pittsburgh Symphony Orchestra, conducted by Lorin Mazzel, Mah-ler. Royal Festival Hall. (Fri) turel le Botanique (Fri, Sat). **RRT Philharmonic Orchestra** conducted by Michiyoshi Inoue with Patrick Cromelynck and Tacko Kirwato (piano): Debussy. Miyoshi, Stravinsky, Takenit (Sun) Palais des Besuz-Arts

Czech Philharmonic, with Vaclav Hudecek (violin), conducted by kovsky and Mussorgsky. (Tues) Alte Oper.

Sonta Cacilla Orchestra, conducted by Giuseppe Smopoli. Mahier (Sun, Mon, Tues) Audito-rium in Via Della Conciliazione (6541044). Homero Francesch, piano recital.

# Liest (Wed) (393304).

Quartetto Arditti, Beethoven, Webern, Sofia Guhaidulina, Luigi Nono and Alban Berg (Mon) Teatro alla Scala. (80.91.26).

Wiener Mozart Orchester in his-torical costume. Conducted by Kourad Neivner. Mozart. Konserthaus (Fri). Hagen Quartett. Mozart, Ligett, Beethoven. Konzerthaus. (Mon). Vermeer Quartett. Haydn, Bar-

Wendy Wasserstein's award-win-

ning drama covering 20 years in the life of a successful Ameri-can beby boomer goes from sup-port for Rugene McCarthy's pres-idential aspirations to electoral

ambitions in the 1980s, accompa-

nied by the musical and emo-tional flavour of the period (239

Sweeney Todd (Circle in the

of the Sondheim-Wheeler musical in contrast with the elaborate

original a decade ago emphasises the descent into madness of Bob

of Fleet Street (239 6200).
Lend Me a Tenor (Royale), A
sprucing up in the set of a decaying town's big time opera amhitions makes a transatiantic hit

of this farce, first produced in London, but now with a local cast led by Philip Bosco and Vic-

tor Garber (239 6200), Exmours (Broadburst). Neil Simon's latest comedy is a self-

conscious farce, with numerous

ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebollient

cast in the inevitable but disap-

Cats (Winter Garden). Still a sell-out, Trevor Num's produc-

poetry set to music is visually startling and chareographically

faline (239 6262). Les Misérables (Broadway). The

tion of T.S. Eliot's children's

tok, Schuman, Konzerthaus, (Wed). Wiener Hofburgorchester, con-ducted by Gert Hofbauer. Miscellaneous waltzes and operettas. Konzerthaus. (Thurs).

### Rerealons

Trio de Barcelona. Beethoven, Mendelssohn, Dvorak (Fri) Centro cultural fundacion caja de siones (817 *57 57*).

### New York

Frankfurt Radio Symphony Orchestra conducted by Ehahn Inbal with Mitsuko Shirzi (mez-zo-coprano), Hadyn, Ravel, Tchai-kovsky (Mon) (247 7800) Carnegie

### New York Philhermonic, Leonard Bernstein conducting. Mah-ler, Tchalkovsky. (Tue) Avery Fisher Hall (874 2424).

National Symphony Orchestra conducted Hiroyuki Iwaki with Leonidas Kavakos (violin). Toshi Ichiyanagi, Dvorak, R. Strauss. Kennedy Center Kennedy Center Concert Hall (Tue) (467 4600).

Chicago Symphony Orchestra conducted by Gunter Wand. Bruckner. (Tue) Orchestra Hall. Chicago Symphony Orchestra conducted by Sir Georg Solii with John Sharp (cello). Shosta-kovich, Veiril (Thur). Orchestra Hall (435 6666).

# magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageoutry and drama

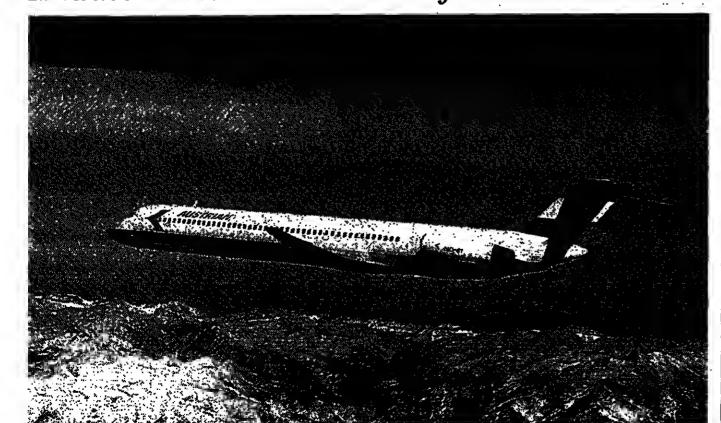
The Misenilmope (Goodman).
The first production of the season exchanges Moliere's France for contemporary Hollywood in a new adeptation by Neil Bartlett, directed by Robert Falls with David Darlow playing Alceste. Ends Nov 4 (443 3806). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-

Kabuki. Performances at Kabuki-za (541 8131) are at 11am and 4.30pm. The star of the evening show is the prodigious Emosuke Ichikawa, fresh from a successful season in New York; in a triple-bill designed to display his multi-farious talent. (ends Oct 26). At the National Theatre (266 7411) performances on most days are at 15m, and among the performers is Living National treasure Utaemon Nakamura, one of the great exponents of the art of the Onnagata (ends Oct 28). Both theatres have useful English programmes and earphone cond-

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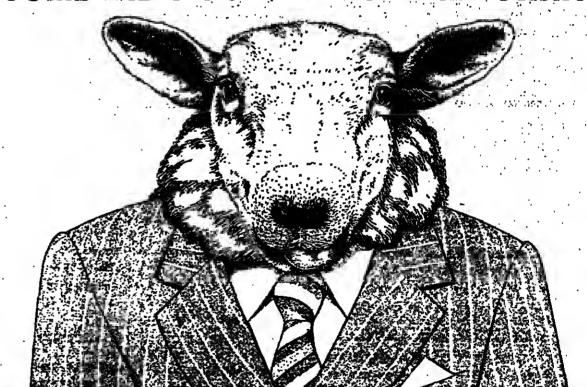


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# Ma Rainey's Black Bottom

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محادث المارية مراجعة المعادية

August Wilson's verbal blues, a wail for lost identity, was successfully produced on Broadway in 1984. Since then he has written the Pulitzer prizewinner Fences, but I suspect Ma Rainey has more pain and anger in it. It is Chicago in 1927. Bob

Crowley's design diagonally bisects the central acting area of the Cottesloe. Two steps separate equally functional rooms, each with a piano and sticks of furniture. The higher triangular epace in addition has recording microphones, the lower area token signs of comfort. The one is a studio, the other dignified by the name of hand now band room.

The four black musicians we meet range in age from griz-zled bass-player Slow Drag to sharp-suited young Levee. In between, the sober and responsible Cutler keeps order and Toledo comments with wry detachment. The latter is articulate and sufficiently educated to talk, however clumsily, of a lost African heritage and black man's eagerness for white approval. Levee is cocky, flashy and ambitious. The musicians quarrel, have bets, squabble over reefers and smoke. Two white men worry, fret and carp: agent and recording manager are waiting

Ma Rainey appears after 45 minutes, sweeping down the steps from gallery level in a froth of indignation and a full-length fur, an entourage of pretty girl, burly young man and angry cop in tow.

It is quite an entrance. Nothing becomes Carol Woods-Coleman so much in this play as her entering it; the subsequent performance is slightly more mundane. Not being a jazz historian, I am uncertain how much of the play is factual; but the truth of a situation where exploitation is taken for granted seems clear, the great-est corruption of all being the exploitation that the exploited

practise on one another, The pushy Levee, with song-writing aspirations and plans for his own band, reveals a bitter history of racial victimisa-tion. The bumptious young man on the make is biding his time, but even his few illusions about the white man are shat-



Carol Woods-Coleman

tered. The tragedy of frustra-tion, inarticulateness and entrapment erupts in violence.

The writing is naturalistic, the characters vividly differentiated. Howard Davies' production evokes much more convincing acting than his over-rated Cat on a Hot Tin Roof. George Harris' stolid, conventional Cutler is one of the best things he has done. Hugh Quarshie has less of the clown referred to in the original script (available in sloppity proofed Penguin) but makes Levee more of a tragic hero. As yet the account of his family's wrongs at the hands of whites wrongs at the hands of whites is a set piece with method (per-haps Method) rather than feel-

ing to it, Best of all is Clarke Peters relaxed, intelligent but not too coherent Toledo, fumbling

towards black awareness, but not romanticised or glib.

Jacqueline de Peza is suit-ably dazzling as the girl who turns put to be Ma's property.

And Lennie James gives a beautifully judged performance as the stuttering nephew with every member of the audience rooting for him as he tries to record the introduction to the title number.

The whites are less cogent, William Hoyland in particular self-conscions and veering towards the Antipodes in accent And the dinky chain for old Siow Drag's speciacles looks not a day earlier than

**Martin Hoyle** 

# Summer Breeze

THE GATE, NOTTING HILL

hovian essay on love and faith sacred and secular - has its moments. It reaches a peak in the playing, by Glynis Barber and Steven Mann of a delicate central love scene between a doubt-racked curate and the beautiful, but lonely, wife of a

successful sculptor. But the foundations for the scene are built on shifting sand - the spur for his black knight is nothing more momentous than the news that his soldier brother has committed himself to a duel, while her deeper loneliness is almost casually

dismissed by the quite unex-pected return of her husband. The play is set in the country house of Professor Friedlein and his family who play at love for want of anything bet-ter to do. His neice Gusti, an aspiring actress, toys with affections of every man who approaches her - from her sulky young cousin (Man: Warren) to an earnest doctor (John

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NESSHO IWAL CORPORATION

Arthur Schnitzler's final play, McAndrew).

making its first appearance in The casualness with which english translation, shows an old man's vacillation between psychological insight and wishmore than its share of loose that the property of the property not quite bring himself finally to tie them together.

Thus a letter which might have exposed Prof Friedlein's philandery is left unopened on the table, while a muddled time sequence allows the enraged young doctor to accuse Gusti of a deception that she did not commit namely withholding news of her first theatre contract from him when the news (another letter) only arrived after he

had left. Michael Robinson's translation does not attempt to paper over the flaws, but neither does Tal Rubins' production provide a psychological justifi-

The result is some charac ters who hover on the brink of credibility – notably Barber's beautifully restrained Josefa – and some like, Myriam Cyr's Gusti, who plunge bodily and facially over it.

# Magnificent Magyaros

Susan Moore reviews 'A Golden Age' of Hungarian art

In France, the new art conceived to heraid a new century became known simply as Art Nouveau. To the Germans, it was Jugendstil; to the Austrians, Sezessionstil; the Belgians called it Style 1900; the Italians, Stile Liberty. In Hungary, it was, significantly, Magyaros, a specifically Hungarian style. The search for a national identity lay at the heart of the development of the visual arts in Hungary at the turn of the century. In 1867, the Austrocentury, in 1867, the Austro-Hungarian Compromise had given some autonomy to the Hungarians. Thirty years later, a fervid nationalism enguised a fervid nationalism engulfed the millenium celebrations commemorating the arrival of the Magyar people in the Carpathian basin 1,000 years before. The interim years of growing prosperity had left the Hungarian state poised on the edge of the modern world. Architects, artists and designers faced not so much a dilemma of style as how to express a national consciousness. The work they produced is at

once derivative and strikingly idiosyncratic. There is only the rarest whiff of fin-de-siecle decadence; its character is more akin to the Utopian idealism of Ruskin, William Morris and the British Arts and Crafts movement. What distinguishes magyaros from its counterparts is a conscious adaptation of provincial folk art and folklore (interest in folk literature and music were earlier revivals). Hungarian Art Nouveau is also remarkable for being virtually unknown outside Hun-

In 1986, the Hnngarian National Gallery in Budapest organised an exhibition devoted to the period, and that show has now been recreated for British and American audiences. "A Golden Age - Art and Society in Hungary 1896-1914" is launched in London as part of the Barbican's Magyarok Festival.



Portrait of Henrika Szemere, 1895, by Bertalan Karlovsky

It is a mammoth exhibition. covering history, architecture and fine art, and touching on poster art and stained glass (which is excellent), ceramics and glass, furniture and tapes-tries, costume and jewellery, and bookbinding. The architec-tural drawings and photo-graphs of Odön Lechner's extraordinary public buildings alone are enough to make one want to catch the next flight to Budapest. His means of creating an appropriate national style of architecture was e syn-thesis of forms derived from folk embroidery and from the Orient – the latter symbolis-ing the Eastern origin of the

Throughout the period, it

and designers had one foot in the hallowed misty past and the other firmly set in Modern-ism. In the fine arts, in particular, there is little sense of a preferred approach or subject matter. The cause is probably due to the fact that there was no art academy in Hungary; its leading artists studied and lived abroad, principly in Munich or Paris. Even after the founding of artists' colo-nies and exhibition societies on fertile home soil, the Hungarian artistic community seems to have largely comprised indi-

Paintings are as uneven as they are varied. A number of figures do emerge head and shoulders above the crowd; I seems that architects, artists particularly enjoyed the deft ary 5, 1991.

line of Jósef Rippi-Rónan (1891-1927), a francophile and associate of the Nabis. Rippi-Rónan, like a distinguished list of artist/designers elsewhere, of artist/designers eisewhere, attempted to bridge the abyss between the fine and the applied arts, designing an acclaimed "integrated" interior (now largely destroyed) in the dining room in the Andrassy

It is interesting to note that there were weaving work-shops, a school of sculpture, shops, a school of sculpture, and studios for the production of leatherwork, stained glass and furniture at the artists' colony established in 1902 at Cödöliö in Transylvania. The common belief of artists and craftsmen was that a native "school" could only emerge out of a communion with the Hungarian countryside, its people garian countryside, its people and its traditions.

To infer that the mass of material exhibited here is what we would consider as Art Nou-veau, as publicity materials veal, ae plantify interials suggests, is misleading. Sources as diverse as Bastien-Lepage, Post Impressionism, Symbolism, the Pre-Raphaelites and Walter Crane (who was invited to exhibit in Hungary in 1902) Purekin and Tolgary in 1902), Ruskin and Tol-stoy, have all left their mark on Hungarian art. What the Hungarians took, however, they made their own. The achievements of Gustav Klimt, Josef Hoffmann, Kolomon Moser and the Wiener Werk-stätte are justly admired. This exhibition offers a welcome opportunity to appraise the cultural flowering that took place at the turn of the century in the other part of the sprawl-ing Austro-Hungarian Empire.

The exhibition continues at the Barbican until January 15 It will be at at the Center for the Fine Arts, Miami, between March 16 and May 27, and at the San Diego Museum of Art from November 10 until Janu-



# Ishiguro wins Booker Prize

THE 21st Booker Prize for Fiction (\$20,000) has been won by Kazuo Ishiguro (above) for the novel The Remains of the Day (Faber,£10.99), it was announced at the Gnildhall.London.last night by David Lodge, the chairman of

The award represents a tri-umph for the Japanese-born author who writes in a marmoreal English prose, identifying in this book with the thoughtprocesses of a butler in a great country house, a man born and bred to the tradition of service.

Although confined to the consciousness of a man of limited outlook, the story encompasses some large themes, both personal and national. It deals, on the one hand, with blind obedience and blindness to

love, and on the other with the uneasy peace of the 1930s and the champions in England of appeasement to Hitler.

viewed with hindsight and at one remove from the principals

The judge's verdict over-turns that of FT readers on Saturday. In our competition poll it came second to the Canadian novelist Margaret Atwood's Cat's Eye. It seems that the decision was not an easy one. The final meeting of the judge's lasted well into the time for dressing for the presentation dinner.

**Anthony Curtis** 

# The Haydn Series

QUEEN ELIZABETH HALL

The Haydn concerts hy the Orchestra and Choir of the Age of Enlightenment - one per week until early December are proving one of the tri-umphs of the season. Haydn's late music, and specifically the late choral works which pro-vide the series with its focus, are a treasure store generally and (with obvious exceptions) too little valued and exploited; I cannot remember a previous London series of the kind, mnch more welcome and timely. Haydn's music has the power to light np people's lives: one is a happier and a wiser person for hearing it.

**RIVERSIDE STUDIOS** 

The quest for choreographers,

the encouragement of new tal-

ent, must ever be a fundamen-

tal activity of a national ballet

company. The Royal Ballet's

Choreographic Group has for many years, under Leslie Edward's guidance, fostered

apprentice dance-makers whose work has become part of

the company repertory. Now

Norman Morrice has taken over, and is also charged with

the choreographic activities at the Royal Ballet School. This

last seems to me of prime importance in identifying and encouraging students with cre-

New Choreography

conducted by Gustav Kuhn, had as its choral mainstay the Theresienmesse (1799) - less marked by dramatic urgency than the "Nelson" from the previous year, but even more radiant in its lyrical beneficence. (How gloriously typical of Haydn that, in a predominantly B-flat work, the spiritual centre should be felt to be the G-major Benedictus, whose gentle pastoral lilt exudes an air of heavenly contentment).

country as a Glyndebonrne conductor of Mozart and Strauss, is a relaxed, knowlves: one is a happier and a edgeable, and civilised Haydn conductor. He avoided paying any special attention to the

ative aspirations, and allowing them to learn some first rules

On Tuesday night, as part of

Dance Umbrella, Mr Morrice

introduced an evening of work

from both Royal troupes and from the School, revealing not

just the aspirant talents but

the evident sympathy and understanding he brings to his

task. There can be no doubt about the opportunities, with

four prizes annually available

It is ironic that Matthew Hart's Treble Back was an

exercise set to encourage the

a ballet by Susanne Kirnbauer, music by Withold Silewicz. Emmerich Kalman's Die Csardas-

furstin, Johann Strauss's Wiener-Blut, and Heuberger's Der Opera-

Opera. Arabella expertly conducted by Guseppe Sinopoli was well received, when it opened last week with Lucia Popp in the title role, Angela Maria Blasi, Bernd Weikl, Peter Seiffert and David Griffith. Zor und Zimmerman is a well done repertoire performance. La Bohème in Götz Friedrich's production has Eva Johansson making her debut as Mimi, and Andreas Schmidt, Gwendolyn Bradley, Rald Lukas

Gwendolyn Bradley, Raid Lukas in other parts.

Opera. Last season's successful Marco Arturo Marelli's Madame-Butterfly production returns with Kelko Kamegawa, Chieko Shira-saka, Lando Bartolini and Lud-

Opera. Behind the China Dogs has choreography by William Forsythe and Amanda Miller. Forsythe's ballet Isabelle's Dance is revived. La Finita Giardiniera, the first new production this season, by the Canadian pruducer Robert Carsen will be conducted by Frankfurt's director Gary Bertini. The cast includes Werner Hollweg, Pia-Marie Nils-

Werner Hollweg, Pia-Marie Nils-son, Douglas Johnson, Margaret Marshali, Alicia Nafe and Sonia

Theodoridou. Also offered Un Ballo in Maschera.

Bons

Frankfurt

for making dances.

of their craft.

astringent, brightly reedy, or softly wooing sound-character-istics of the "period" orchestra, and concentrated instead on keeping the music flowing steadily and evenly.

It was not an exciting perfor-

mance of the Mass but it was excellently well-played and sung, graced by an outstand-ingly fresh and musicianly quartet of solo singers (Lynne Dawson, Elizabeth McCor-mack, Neil Mackie, Michael instrumentalists and singers and the smooth, flowing lines they produced made for a very special kind of Haydn inti-being all but unplayable. macy.

Earlier, there was an

use of pure academic classic movement, for it is in these disciplines and formal laws

that his gift was clearly revealed. The Chaconne for

solo violin, four girls and a boy

in practice dress, meant that the shadow of Balanchine was

cast over the piece, but some-thing of Balanchinian ingenu-

ity in setting patterns, in mov-

ing bodies, was there, too, as well as a freshness in flexing

From the Royal Ballet's Simon Rice there also came a

noteworthy sketch. Its title, Manic, tells all. As the whiz-

creative muscles.

account in similar vein, not account in similar vein, not enthralling but full of wise and enjoyable insights, of the C major Symphony, No.97 (it was puzzling, though, that the orchestra should not have been seated in correct "period" fashion, with violins opposite each other: this does make a difference to blend and balance). The single miscalculation of: The single miscalculation of the evening - one hopes it will be the only such of the series - was to invite the admirable attempt the Trumpet Concerto on a contemporary instrument

Max Loppert

zing glissandi and Brock's ben-

efit of notes poured out from one of Coulon Nancarrow's pia-

no-roll studies, Mr Rice, Flona

Brockway and Luke Heydon were caught up in an outburst of twitches, scratchings, pnt-

ting-out of tongues and neu-rotic fidgets which would jus-

tify the strait-jackets they also

mined. This was choreography alert, mad, funny, tightly within the score, and individ-

ual enough for us to want to see more of Mr Rice's way with

Clement Crisp

### TONHALLE, ZURICH A new work from Henri Dutilleux is always something

Mystere de L'instant

to look forward to: he seems to be able to express more in his slender output than most constender output than most con-temporary composers say in much more voluble form. This is certainly true of Mysters de L'instant, a 15-minute work commissioned by Paul Sacher and first performed at the lat-est of Sacher's concerts with the Collegium Musicum Zur-

strings, cymbalom and light percussion, and is divided into 10 short "sequences," each with a character entirely of its own, but continuing without a break. It marks a change, therefore, from the more unifled thought of other recent works, such as L'arbre des

Yet it is unmistakably from the same hand and inspiration — concise, fastidious and accessible. There is not a spare nor wasted note. Each sequence takes the form of a fleeting glimpse, created and savoured for a moment before giving way to the part Partil. giving way to the next. Dutilleux provides individual titles as a guide. In "Litanies," snatches of distant sound evoke the atmosphere of a cathedral or haunted palace, "Rumeurs" is a subtle, dreamy collection of half-voices. "Chorale" attempts a melody on unison strings, while "Solilo-ques" is threaded seamlessly

between solo instruments, "Metamorphoses" makes witty musical play of the name Sacher before a flamboyant little coda. Throughout the work, Dutilleux seems to throw up

tunes with casual profligacy.

The lush harmony and strong bass line suggest a debt to the Romantic string serenade tradition. There is also an element of Gallic sensuousness, and of exquisite refinement after Ravel. The most use of the cymbalom as punctuation and commentary: the effect is exotic and full of contrast, but its limited role leaves one wanting more. Mystere de L'instant lives up to its title, without quite managing to camouflage the civilised mind of its creator.

Sacher, now 83, still conducts with remarkable spright-liness and agility, and this con-cert showed what a remarkable feat he has achieved in build-ing audiences for new music. If only all his commissions were equally fruitful . . . After conducting the Dntilleux and three movements from Mozart's Serenade No 9 in D, he vacated the podium in favour of Patricia Junger, whose Heller Schein for mezzo soprano, bass clarinet, strings and percussion managed to expend much self-conscious

**Andrew Clark** 

# Claire Armitstead

OPERA AND BALLET

Royal Opera, Covent Garden.
The latest revival of the 1975
Peter Grimes brings a promising east of newcomers — Philip Langridge in the title role, Felicity Lott, Donald McIntyre, Sarah Walker and Stuart Kale — and Roger Norrington as conductor. Die Walkelee, in the production by Gdtz Friedrich adapted from his Berlin staging, is distinguished above all by Bernard Haitink's magnificent conducting and the vocally unsurpassable Wotan of James Morris.

Pursuant to Clause 4(c) of the Instru-ments dated 8th December, 1988 and 10th March, 1989, notice is hereby given as follows:

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Agent Bank Banque Paribas Luxembourg aspart of the Paris Autumn Festi-val Son of Gone Fishin', Newark, Glacial Decoy and Astral Convert-

Festival D'Automne. (4296969 Opéra, Jiri Kylian opens the Paris Opéra season with Tentz-Schul to Mauricio Kagel's music and Sinfonietta to Janacak's music accompanied by the Paris Opera Orchestra conducted by Arturo Tamayo (47425371).

Théstre Royal de la Monnaie.

The Plank in the Fall of Icarus

Disaster/Usopia directed by
Frederic Flamand, a multi-media
production by Fabrissio Plessi
with music composed and performed by Michael Nyman. Sat,

The Netherlands Opera with Ariane et Barbe-Bleu, by Paul Dukas, directed by Philippe Sireufl, with the Netherlands Philharmonic conducted by Henry Lewis, Kathryn Harries and Program Sower in the title pales.

Volksoper. Programme includes: Franz Lehar's *Das Land des Lae-*chehrs, Emmerich Kalman's *Die* Zirkusprinzess, the premiere of

octween the Dusseland Opera and Cologne Opera will be the new Wagner cycle produced by Kurt Horres. The premiers of Das Rheingold, conducted by Hans Wallat has a strong cast lad by Hanna Schwarz, Anne Cisvang, Beatrice Niehoff, John del Carlo, Matthias Hoelle, Mar-tin Finke and Eiter Schweikart. Die verkaufte Braut rounds off

Madrid

Gran Testro del Liceu. National Ballet of Cuba performing Giselle (Act 2), La Diva (Maria Callas in memoriam), Don Quijote, Swan Lake (Act 2) and Dionaea. Artistic director is Alicia Alonso. Until Oct 22 (318 91 22).

Teatro dell'Opera. Alvin Alley's American Dance Theater.(8

Joffrey Ballet. A new Gerald Arpino ballet opens the three-week New York season, which also includes the premiere of a new staging of Nitinskya's Les Noces and revivals of Ashton's Huminations and A Wedding Bouquet in the company's exten-sive repertory. Ends Nov 19. City Centre (581 7907).

Lyric Opera. Placiod Domingo sings Samson and Agnes Beltsa sings Dalila in Nocholas Joel's production of Saint-Saen's opera conducted by Bruno Bartoletti. Jiri Kout conducts Der Rosenka-valier with Anna Tomowa-Sin-tow, Kathleen Battle and Julian Patrick. (332 2244)

Washington Opera. Lucia di Lammermoor with Ruth Ann Swenson in the title role and Jerry Hadley as Edgardo in Roman Terlickyi's production opens the season that will also include the comapny's first production of Aida as well as Die Fledermaus, The Merry Wives of Windsor and The Aspen Papers.

Tokyo Bunka Kaikan (725 8889). Carmen. The spectacular arena production from London plays at the National Sports Stadium. (Ends Thurs) (5990 9999)

energy saying very little.

### SALEROOM

### Ceramics in demand

Many of the leading 20th century artists also turned their creative skills to ceramics and the salerooms have realised there is a fruitful market in this area. Yesterday Sotheby's sold ceramics and glass, and an sarthenware plagne by Miro sold for a record £143,000 to a Portuguese buyer, as against a top esti-mate of £50,000. Working with his friend

Joseph Artigas, this design, very similar to his painting, was fired in 1954. Two plates by Picasso, one, Colombe, signed 1954 and hand-painted. the other, Visage, in white, and unique, sold for £28,600 and £22,000 respectively, nicely

above estimate.

The current strength of the art market is summed up by the demand, mainly from new money, for post-war and con-temporary art. In the past, these always proved difficult sales, and although London still cannot match New York for exorbitant, million-dollar prices paid for contemporary works, Sotheby's yesterday did very well with a total of almost £3.4m, and less than 7 per cent

unsold. As usual, London acted an an entrepot for continental European buyers acquiring continental paintings. Top price, and an artist record, was the £143,000 paid for "Stan-dart", a 1970 composition

depicting blue and red matchs-tick men over monster faces, by the German artist A.R.Penck. "Concerto Spa-ziale", a typical red canvas by Fontana with a cut down the middle, sold for £126,500.

Among the prints at Sotheby's, Quarritch paid £74,800 for 42 plates by Edward Lear from his series on parrots. "The Little Passion", by Durer, 27 woodcuts from the set, quadrupled the estimate at

A late Corot painting "Les petits denicheurs" showing a young girl receiving a bird's nest from a boy, sold for £359,662 at Christie's, New York, on Wednesday, more than double its estimate, in an auction of 19th century Euro-pean art which totalled \$10m (£6,245,000), with 23 per cent unsold. A nude by the Swedish artist Anders Zorn, entitled "Fran Sandhamn", depicting a girl dipping her toe in the sea, did well at £673,750 and "Bucheron preparant des faggots", a pastel by the French artist Mil-let also went far over estimate at £546,875. Orientalist pictures seem back in fashion, and a view of Cairo by Gerome sold

for £343,750.

Christie's early English and continental European furniture totalled only £238,733.

Antony Thorncroft

By: The Bank of Tokyo Trust Company as Trustes Dated: October 27, 1989

### **ARTS GUIDE**

Paris .

Théâtre de la Ville. Trisha Brown Dance Company presents,

thie (42742277). Theatre de la Bastille. Daniel Larrieu in the framework of the-

nerry Lewis. Rathry Indirections and Roger Soyer in the title roles (Fri, Mon, Thur). The National Ballet with a Frederick Ashton programme of Midsummer Night's Dream and Symphonic Variations (Sat, Sun matinee, Tue, Wed). Muziaktheater. (265

Opera. The first co-operation between the Düsseldorf Opera

Ballet del Tentro Lirico Nacional in the two act ballet La Fille mal Gardée, choreographed by artistic director Maya Pilsetskaya, with Juan de Udaeta conducting the Madrid Symphonic Orchestra. Ends Oct 21. Teatro Lirico Nacional la Zargeia (429 82 25). cional la Zarzuela (429 82 25).

46.17.55).

Teatro Alia Scala. The Bolshoi State Opera on tour with Proko-fiev's Duenna, and Mussorgsky's Boris Godunov (80.91.26).

October 27-November 2

steps and gesture.

**New York** 

Washington

Vienna State Opera. Viaggio in Reims by Rossini, conducted by Claudio Abbado, with Cecilia Gasdia, Lucia Valentini-Terrani, Ruggero Raimondi (Tues, Thur)

# FINANCIAL TIMES

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Friday October 27 1989

# Resignation of Mr Lawson

WITH HIS resignation yesterday, Mr Lawson put an end at last to what had long been an impossible situation, both for him personally and for the Government as well. It is more than likely that the behaviour of the Prime Minis-ter which drove him from office may be seen in hindsight as the beginning of the end for

her, too.

Mr Lawson has found his policies balked at a number of decisive moments since March 1988, when he was forced to abandon the attempt to keep sterling below DM 3. Moreover, the views of Sir Alan Walters have come to the surface on several occasions, casting doubt on essential planks of Mr Lawson's policies. By her unwillingness to refute those criticisms, the Prime Minister them and, by her faint and ambiguous praise of Mr Law-son, has gone on to wound him

still further. The central issue is the rela-tionship between Mrs Thatcher and senior memhers of her Government. It far surpasses in importance the technical issues associated with exchange rate policy. While the Prime Minister's acolytes have shot their unguided missiles in all directions, the Government could hardly hope to retain coherence. Mr Major has expe-rienced what Mrs Thatcher herself can do just last week-end. Life in his new role is unlikely to be comfortable.

### Soldiered on

Throughout the period of conflict over exchange rate policy, a conflict – it should be uoted – that hrought Sir Geoffrey Howe down before Mr Lawson, the puzzle has been Mr Lawson's willingness to stand it. If there is a criticism it is not that he has gone now. but that he did not go before. He has soldiered on loyally, instead, but grievously wounded by the Prime Minister's lack of convincing sup-

port for his policies.

The continuing conflict has created the worst possible environment for policy-making. Decisiou-makers, particularly those engaged in financial mar-kets, have been both bemused and confused by the turmoll in the Government. When a Government that had painfully

gained the priceless treasure of credibility is reduced to advising people to look at "actions words", its effectiveness has been seriously damaged. The damage can be seen even now in interest rates that are probably higher than would otherwise have been necessary.

Mr Lawson, for his part, has every right to look back with some pleasure on achieve-ments, not merely as Chancel-lor of the Exchequer since 1983, but as Financial Secretary before that. Perhaps more than in macroeconomic policy, his most valuable legacy will come to be seen in his contribution to the freeing of market forces in the UK, particularly in the abolition of exchange controls one of the most important decisions of the present Gov-ernment — and in tax reform.

Consumer spending

Distillusioned by the simple monetarism of the early years of the Thatcher administration, thwarted by the Prime Minister in his desire to commit the UK to the exchange rate mechanism of the European Mone-tary System and baffled (like virtually all his critics) by the buoyancy of consumer spend-ing in recent years, Mr Lawson found the macroeconomic management of the UK increas ingly troublesome in his last year or two in office.

The questions that remain concern not him, but the Gov-ernment. For all the bitterness that must inevitably be asso-ciated with the shabby circumstances surrounding his depar-ture, he must have the satisfaction of a job on the whole well done. Mrs Thatcher can have no such consolation.

Sir Geoffrey Howe and Mr Lawson have both been deeply committed to the revolutionary changes associated with her name and made huge contributions to them. She has discorded the first and now lost carded the first and now lost the second. From being a Gov-ernment of people committed to a set of coherent, radical and timely ideas, it has now become a Government committed to the Prime Minister herself. Yesterday she lost far more than a distinguished member of her Government. As she has become more pre-eminent, her Government has become much more vulnerable.

# Going home to Vietnam

ONE PROBLEM Mr John Major will be more than happy to leave to his successor as Foreign Secretary will be that of the Victnames boat people in Hong Kong. On Wednesday he "did not make a statement on the subject: "he was only answering a question." Indeed, "he said nothing new." Thus did his officials yesterday seek to play down the significance of Mr Major's remarks about the "involuntary repatriation" of Vietnamese hoat people from Hong Kong. One cannot blame them. Neither they nor he can derive any pleasure from what he had to say. "Involuntary" means compul-sory. Compulsory means forced. Forced means the use or threat of force (gunpoint? starvation? physical manhandling?) to move people who do not want to move. One cannot be sure that all will go quietly: some have already threatened suicide. "Involuntary repatriation" is all too likely to provide a spectacle which will be very hard for the Printer meblic to hard for the British public to accept, and which will do no good at all to Britain's reputa-tion abroad, particularly in the

Have alternative options been sufficiently explored? Is it not grotesque thus to turn away able-bodied people, eager to earn their living in the West, at a time when almost all western countries face a labour shortage? Could not Britain alone easily absorb these 57,000 people?

### Britain's pledges

It could, and there is indeed a strong economic case for a more relaxed approach to immigration. If the problem of the boat people were limited to those 57,000 it could and should be solved very quickly; and there can in any case be no justification for the scandalously slow rate at which Britain is currently fulfilling its pledges to take much smaller numbers of bona fide refugees. But it is simply not realistic to imagine that western countries will be willing to absorb an indefinite number of boat people, and the trouble with the boat people is that more and more of them keep

Even keeping them in Hong Kong, in increasingly squalid conditious, has neither be self-defeating.

deterred new arrivals nor "persuaded" more than a handful to go home "voluntarily;" and it is anyway "not reasonable for them to expect to stay in Hong Kong for ever." On that point at least everyone will surely agree with Mr Major.

Everyone in principle supports repatriation. Everyone would much prefer it to be voluntary. Everyone shrinks from the thought of doing it hy force. But only the British gov-ernment has the responsibility for deciding what to do with the great majority of boat peo-ple who are clearly not going

### Bona fide refugees

The modalities of forced repatriation have therefore to he considered. The first requirement must be that bona fide refugees - those with a "well-founded fear of persecution," according to the stan-dard UN definition — be exempted. For that purpose a screening process is already in operation in Hong Kong which seems to be generally accepted as objective. The next point is that Vietnam agree to take the migrants back and not to penalise them. alise them. It has so agreed, and in the case of voluntary returners the UN High Commissioner for Refugees has been monitoring the implementation of that agreement. The UNHCR has not so far agreed to do the same in cases of forced repatriation, since it regards that procedure as in itself a breach of its principles. If it persists in that attitude a hilateral procedure may have to be agreed between Britain and Vietnam.

But the key issue remains the creation in Vietnam of economic conditions which give people some hope, whether they are actual or only poten-tial boat actual or That requires changes in Vietnamese policy, some of which are already under way. It also requires that Vietnam receive help from the international community, and from Britain in particular. Of Britain's two conditions for an ald programme to Vietnam one - Vietnamese withdrawal

from Cambodia — is now ful-filled. The other is, precisely, a solution to the problem of the boat people. To maintain that as a precondition would surely

ndia's general election falls at a time when a great many Indians time when a great many indians are unhappy at the road down which their country is heading. The paradox is that higher rates of economic growth — the chief legacy of Prime Minister Rajiv Gandhi's first or rrune minister Rajiv Gandhi's first term of office — have been accompan-ied by a rise in corruption and vio-lence and the erosion of important democratic institutions. This has cre-ated a sense of bewilderment and dis-orientation.

In a review of the rest 30 years in

In a review of the past 30 years in In a review of the past 30 years in India, a recent editorial in a special issue of the monthly magazine Seminar summed up the mood. "Tempestuous times have overwhelmed us," it said. "There seems to be great confident in determining what is right and said. There seems to be great conn-sion in determining what is right and wrong . . It is bewildering to see a breakdown of ethics, values, attitudes and, therefore, all norms. Institutions that once upheld those values and beliefs are today being assaulted withont any thought and there are no alternatives in sight," the editorial

This may sound like the self-indul-This may sound like the self-indulgent philosophising of comfortable middle-class intellectuals, but the apprehension extends well beyond them. The name of Bofors, the Swedish arms group which paid illicit commissions to win a \$1.2m arms contract, has entered into daily Hindi vocabulary as meaning "rotten," "broken," "dirty." The Bofors disclosures have established that Indians at the highest level of government benefited highest level of government benefited from the commissions and that the civil service, the police, the judiciary and Parliament were sucked into the

subsequent cover-up.

The result has been to bring into disrepute the institutions on which India's democracy is founded. The apparent success of the Bofors benefi-ciaries in getting away with their gains is also seen as making a mock-ery of any official — senior civil servant or village functionary — who tries to hold out against corruption, and as encouraging those without such scruples to take larger bribes. A second disorientating factor in a socisecond disorientating factor in a society whose goals were once puritan, Gandhian (in the sense of Mahatma Gandhi) and socialist, is that Prime Minister Rajiv Gandhi's regime is seen to have given legitimacy to qualities previously despised — acquisitiveness, ostentation, and affluence achieved through "black momey."

The "heroes" of today are not the politicians or bureaucrats who lived

politicians or bureaucrats who lived by ideals of service to the nation. Rather they are the the yappies of Mr Gandhi's generation whose flashy life-styles fill the dreamworld of

Tempestuous times have overwhelmed us . . . There is great confusion in determining what is right and wrong'

countless popular films, television commercials and magazina articles. Along with the greater influence of money on politics has come the growing influence of crime. The underworld and mafia gangs have spread their net wide from trades unions to municipal corporations, vi cils and political parties.

The most notorious example of this is Bihar in north east India where 40 of the legislators in the state assembly face murder charges against them. But during recent municipal elections, a third of the seats in the municipality of Kanpur, a large indus-trial town south east of Delbi, were won hy candidates implicated in charges of murder, violent crime and

A further discordant note is the mounting drumbeat of violence across the country reflecting the increasing aggressiveness of regional, religious, caste, class and tribal groups to grab

David Housego reports on the controversies surrounding the forthcoming Indian elections

# The uncertain road ahead





a larger share of the national cake or to protect their interests against maranders.

The most widespread symptom of this is the explosive tension that now exists in towns and villages across north India between Hindus and Mos-lems - reflecting the build-up of militancy within both communities which has come to a head with the planned March by Hindu fundamentalists on November 9 to lay a foundation stone for a new Hindu temple on the site of a Moslem mosque. In this year of the centenary celebrations of the birth of Jawarhlal Nehru, the country's first Prime Minister, there is a tendency to look back to his administration as a golden age and see all these changes as marking a breakdown in the country's democratic institutions.

The same issue of the Seminar magazine quotes a popular film song of the 1950s which reflects the then confidence of a nation that felt it had successfully weathered the rocks of independence and partition and had faith in its leadership:
"We have steered the ship and

brought it through the storm, My chil-dren, look after this country with care."

But though many Indians are reluctant to recognise this, the changes are also the signs of a more dynamic society throwing off some of the con-straints of social immobility and gov-ernment regulation that have impeded growth in the past. It remains a perhaps unpelatable fact that in many societies — like the US in the late 19th century or the Italian city states of the 15th century - rapid rates of growth have been accompanled by violence and the rise to power

of "robber barons." Indians thus face an election confronted with phenom-ena that leave them uncertain and unsure about what lies ahead. If they see a landmark in the erosion of their institutions, they trace it back to the break-up of the Congress party. Mrs Indira Gandhi, when she took

over as Prime Minister in 1967 inherited a party that was still a national organisation with a strong local base and party workers actively involved in formulating policies and choosing candidates. It was Congress party workers who damped down the fires of communalism at the time of parti-tion. The party she handed over at her death had no local democracy and

no grass roots contact.
In the wake of her early battles to gain surremacy over her colleagues, she had run it in authoritarian style so that office-holders, policies, and the selection of candidates were dependent on her alone. In that atmosphere, Congress became a party of patronage and job seekers in which money and muscle came to play an incre part. The vacuum left at the grass roots level was rapidly filled by regional, communal and caste groups and by professional lobbies like those of the northern farmers. It was these that articulated local grievances and aspirations that Congress was no longer able to do. There were regional and linguistic parties in the 1960s. But it has been in the 1970s and 1980s that movements like Sikh secessionism, the Telugu Desam of Andhra Pradesh, or Bodo nationalism in Assam have really taken root.

When Mr Rajiv Gandhi took over as Prime Minister in 1984 on a platform of "clean" and "efficient" government,

he saw the dangers of a Congress party dominated by "powerbrokers." He rebuked the party at its centenary Congress in Bombay in January 1986 saying: "We (Congress) obey no disci-pline, no rule, follow no principle of public morality, display no sense of social awareness, show no concern for the public. Corruption is not only tol-

the public. Corruption is not only fol-erated but even regarded as the hall-mark of leadership."

His cousin, Mr Arun Nehru, a senter minister at the time and now a leader of the Opposition, says that "the hunter became the hunted" and that "the system got the better of him." Under the impact of defeats in state elections and then the Bofors scandal, Mr. Gandhi shunted aside those he felt might challenge him. those he felt might challenge him and, like his mother, made loyalty and subservience the test of office. In this concentration of power on a small group around him and in the pressurising of Parliament, the police, the judiciary and the civil service, the Bofors case - like original sin - has administration to increasingly desperate measures in the hope of escaping the consequences.

The shift to more market-oriented olicies — carried through in Mr Gandhi's early measures of liberalisa-tion — has also contributed to the sense of discrientation and fragmentation. The economy has grown faster than at any period since independence. But more rapid industrialisa-tion has also brought with it worse pollution turning once quiet cities like Pune (Poona) or Jaipur Into nightmares of exhaust fumes and

The benefits of higher growth have

as yet been concentrated on the Indian middle-class — numbering anywhere between 100m-200m — and reflected in rising sales in recent years of passenger cars, TV sets, fridges and other "luxury" consumer goods. As against the sharp improvement in living standards of the urban rich, the rural poor have seen their earnings eaten into by inflation which has equally been rising faster than India's historic trend.

At the same time regional differ-

At the same time regional differences of wealth have been accentuated, with the eastern and centralated, with the eastern and central-regions of the country slipping fur-ther into poverty. Market economics has also favoured the emergence of a new aggressive class of entrepre-neurs, symbolised by men like Mr. Dhirubhai Ambani, the head of Reli-ance Industries, or Mr Abhey Oswal, of the Oswal fertiliser and chemical group, whose emerging business group, whose emerging business empires have been built on a combi-nation of spotting market opportuni-ties and of influence in the corridors of power. These symbols of the new class are regarded with a mixture of envy and displeasure within the public service that has traditionally run

the country.
... Mrs Gandhi kept "business" under a tight leash. Her son is increasingly letting them have their head. "Busi-ness" is thus getting much of the blame for the troubles that have beset blame for the troubles that have beset his administration. The election campaign will take up both directly and indirectly many of these issues. The one cause that unites the Opposition is their determination to get rid of Mr Gandhi. He is seen as the symbol of all the nation feel uncomfortable with — the flashy affluence of the new rich, corruption in public life, the authoritarian rule of the Nehru family, the disappearance of "valueily, the disappearance of "value-based" politics, the erosion of institu-tions, and the widening gaps in living standards. On all this the Opposition will hammer home the need for a

The character of the Opposition as a coalition of mainly regional parties reflects in itself an alternative view of how India should be run. As against the Congress emphasis on rational unity and strong central government, the Opposition opens up the prospect of a more federal style of administration and more autonomy in the regions. As against Mr Gandhi's increasingly personal rule, the Oppo-sition offers coalition and a more collegial style of government. Against the risks of authoritarianism, it poses the dangers of instability and incoher-

Prominent as well in the campaign

Prominent in the campaign rhetoric of both sides is how to redress the growing imbalances of wealth

rhetoric of both sides is the issue of how to redress the growing imbal-ances of wealth within the country.— between the industrial sector and agriculture, between the poorer and the rich. If there is no frontal challenge to continuing liberalisation or that of the Opposition, it is clear that a major task for any future administration will be how to compensate those whom growth has left

Mr Gandhi is expected to open his campaign on November 1 having commemorated the fifth anniversary of his mother's assassination the day before. The Opposition, though currently preoccupied with seat adjust-ments, cannot afford to delay much after that. The result of India's elections turns more than most on the momentum generated in the campaign. It is by no means certain yet which way this will move.

### Second time round

Banque Indosuez's swoop on Morgan Grenfell is a fasci-nating move, especially for any banker with a keen sense of history. The French have been involved in Morgan Gren-fell before and it worgan Grenfell before, and it never worked out. In the early 1970s, after plans for Morgan Grenfell to get closer to its two American cousins, Morgan Stanley and Morgan Guaranty, had fallen apart, the UK merchant bank began exploring the possibility of getting closer to Suez and Mitsubishi. In 1973 a co-opera-

consummated.
As sometimes happens with these grand ideas, Sir John Stevens, the architect of the deal, died shortly afterwards. Although the companies did enter into joint ventures, by 1976 it was clear the partnership was not working, primarlly because of conflicts of national interest and there was an amicable parting of the ways. Morgan bought the French out of a Singapore mer chant bank and sold its stake in a Hong Kong joint venture. Mr Antoine Jeancourt-Galig-

tion agreement was worked

out with Suez, which included

an exchange of shares, although the latter was never

nani, the chairman of Banque Indosuez, stressed yesterday that circumstances have changed a lot since then. However, there have been few really successful examples of cross-border mergers between financial institutions, and despite the French logic, it is hard to see this being a marriage made in heaven. Perhaps Morgan Grenfell should dust down its files and consider regurgitating the aborted plans to get back together again with its US cousins.

Solid job

■ NatWest's loss is Blue Circie's gain. Blue Circle, one of the grand old names of the UK

# OBSERVER

building materials industry, has been looking for a new chairman for some time, and the appointment of the 58-year old Sir Peter Walters to succeed Sir John Milne comes not a moment too soon. The combination of the III health of Mr David Poole, the group's joint managing director, and some rather expensive diversifica-tion moves has made the group look vulnerable. Given his record at British

Petroleum, Sir Peter's appoint-ment suggests that Blue Circle is intent on beefing up both its board and management. which will please the City. In NatWest's case the board apparently bridled at Sir Peter's conditions for accepting the job. However, it seems that Blue Circle found no problems on this score. But then its stock market capitalisation of £1.1bn, is a fraction of both NatWest's £4.6bn and BP's

Down time

■ The latest example of Hutber's law, that progress brings a debribation in standards, comes courtesy of London Underground, which is closing London's Mansion House tube station from next week. "To enable the work to be com-pleted in the minimum possi-ble time, and with the least disruption to passengers, the station will be closed for 15 months." What a way to run a railroad.

Danger

Airports are gaining a spe-cial place in the Barlow Clowes saga. Earlier this week Mr James Levy, the lawyer nephew of Sir Joshua Hassan, former chief minister of Gibral tar, was arrested at Gatwick. The police had got wind of the fact that he was passing through Gatwick in transit



"Never a delay when you want one, is there?"

from Gibraltar, and took the opportunity to pounce. He was not the first. Mr David Mitchell, a former director of Barlow Clowes parent James Fergusson, was also nabbed at Gatwick earlier this year. He had been popping over from his home in Geneva to visit his daughter in the UK - a fact spotted by an eagleeyed employee of one of the liquidators.

A third man charged in connection with Barlow Clowes, Dr Peter Naylor, also had an umpleasant encounter at an airport. He was served writs by laywers involved in the liquidation while actually on an

Air Gibraltar plane.
Police investigating the
Guinness case, who face an arduous extradition process to get lawyer Mr Thomas Ward to the UK, must be green with

Star turn Mr John Curry, the 51-year old businessman tapped to take over the chairmanship

of the All England Club at Wimbledon in December, is noticeably shy about discussing the challenges facing the most famous institution of the world tennis establishment. Having captained the Oxford University tennis team, he joined The All England Tennis Club in 1971 and went on to the committee in 1979; so he should know a thing or two

about the tennis business. However, he prefers to stay silent for the moment, which is probably no had thing since he arrives at the top of Wimbledon at a time when the game is going through one of its periodic bouts of infighting. The men's game, in particular, as been so successful that the players, promoters and clubs are all fighting over the spoils. The Association of Tennis Professionals, headed by Hamilton Jordan, one of the more controversial figures in the Certer administration, is challenging the grip of the International Teams Federation, and the tennis establishment will be looking to Mr

Curry to give a strong lead. At least Curry has a sound business grounding which should come in useful given the way the game is going. A Harvard MBA, he helped his brother, Peter Curry found Unitech an electronics company, before branching off to set up his own company, Acal. three years ago. However, the new post will be more a test of his political skills than his business acumen.

Same again

And then there is the story about the Englishman who is given three wishes by a genie. "For my first wish" be says "I went a pint glass of lager that never empties." The genie obediently works his magic and the Englishman takes a long drink; the glass immediately fills up again. "And what" asks the genie "is your second wish?". The Englishman doesn't hesitate. Til have another one of



The part of Britain's Conserva-

... one should never give in to pressure — to be popular or fashionable or in the mainstream. One should concede only if the argument and evidence win the point or the

and evidence win the point of the day." These fine perorations, which bring together in one comprehensive sweep both Hamlet and ham, define not only their author's view of his own "life philosophy", but also the Prime Minister's view of hers. Just what are we to make of it? The answer is to be found by drawing a straight line. Call it the Self-Be-True line. Label one end of it "self-confidence and commitment" and the other "raving megalomania." Eco-

nomic colleagues and admirers of Sir Alan would place him at the flattering end of this line. The Chancellor of the Exchequer, Mr Nigel Lawson, might move the Professor some considerable distance in the other direction. Per-manently smitten Thatcherites will put Mrs Thatcher at the desirable end of the scale; the Prime Ministers of Australia and New Zealand, not to mention the heads of government of fourscore other Commonwealth

states, may well demur. When Mrs Thatcher first came to office her firm single-mindedness was of inestimable value in clearing up the awful mess left behind by the outgoing Labour Government. It was successful in the Falklands war, and it has served her well on many occasions since, It is still strongly admired in many capitals, from Pretoria to Warsaw. I think she has overdone it recently, as when she made an agreement with the other 11 members of the European Community at Madrid and then poured cold water on the essence of it, or when she played the same game at the Commonwealth conference. This game will eventually create mistrust. No matter what her Foreign Secretary says, or she signs, the world knows that she is against sanctions and, as many people are coming to realise, that she expects to avoid membership of the exchange rate mechanism of the European Mon-etary System while she is in office.

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# POLITICS TODAY

# the part of British's Consistvative Government that resides in No 10 Downing Street—the commanding part—is stuck on a fixed traffectory. If will stay stuck while Mrs Margaret Thatcher remains Prime Ministers it is about as set in its course as the Republican white House might have been if Article XXII of the constitution of the United States had not prevented Mr Ronald Reagan from running for office more than twice. "To thine own self be true," Mrs Thatcher said of her creed when she addressed the Conservative Party conference in Blackpool the other day. "To thyself be true," says her personal economic adviser, Sir Alam Walters, in the concluding words of his now famous article for a forthcoming issue of The American Economist. It is worth quoting Sir Alam's two preceding sentences, for together with that familiar-sounding conclusion they constitute the essence of the kind of mind that the Prime Minister's fixed philosophy has long sent a prime Minister's fixed philosophy has long been a subject of speculation in play. Those factors of wittens of the popular or fashion been a subject of speculation in play. Those factors of with the prime Minister's fixed philosophy has long been a subject of speculation in play. Those factors of with the prime Minister's fixed philosophy has long been a subject of speculation in play. Those factors of with the prime Minister's fixed philosophy has long been a subject of speculation in the part of satisfactors of war factors of with the prime Minister's fixed philosophy has long been a subject of speculation in play. Those factors of with the prime Minister's fixed philosophy has long been a subject of speculation in play. Those factors of war factors

way from going off one's trolley. The Prime Minister's fixed philosophy has long been a subject of speculation in the political world; megalomania is the least of the epithets used by her more trenchant critics. My own view is that the is now so powerful, and co is that she is now so powerful, and so isolated, that it would be surprising if she were not edging slowly towards the wrong end of the line. If she went too far that would of course conclude her career; the remarkable fact about her is that to date she has not done so. Even so, her character is now in danger of being transformed from a political asset into an electoral liability. The Conservative Party is beginning to doubt the value of more priva-tisstion, more Little England outbursts against the EC, or yet more stringent husbandry in the public ser-vices. Its leader well understands the need for tactical politicking, but she is unable to turn away from the long march upon which she embarked in 1979. If she did so, she would be noth-

ing. Her trajectory is set.

I am deliberately dodging the issue of where this trajectory is leading. The market will decide. If the economy is looking relatively good again in 1991, the chances are that Mrs Thatcher's third term will be followed by a fourth — unlikely as that may by a fourth - unlikely as that may seem to some observers at the moment. If we have a painful recession next year, followed by the start of a long hard climb out of it the year after, then Thatcherism, which has lived by the market, may die by the

It was curious to hear a debate on the economy in which the Tories were not winning the argument

If that were all there is to it, there would be no point in taking the analysis further. In reality, the sense of well-being and economic optimism, which is the prime predictor of Brit-ish general election results, will prob-Overdoing it is, however, a long ably be neither decisively high nor

decisively low in 1991-92. In such con-ditions other political factors come into play. Those factors, of which the Prime Minister's sense of historic mission is one, currently favour the Labour Party. We will come to others in a moment, but before Tories get too

In a moment, but before Tories get too gloomy, or Labour supporters too euphoric, it is worth chalking the arithmetic back up on the blackboard.

As matters stand, Labour is about 10 percentage points ahead of the Conservatives in most opinion polls. This figure will probably rise as the effect of the current round of mortage rate increases works its way gage rate increases works its way through the political system, Rough projections of double-digit leads give the Labour Party what would be a miraculous victory and, consequently, a strong working majority of 50-plus seats in the House of Commons. Just a fortnight ago, however, a Press Association poli of the regions showed significant revisitions.

significant variations.

In Greater London, for example,
Labour was projected to win 23 seats from the Tories and three from the former Alliance. The area has 84 con-stituencies. In the rest of the southeast, which has 108 constituencies, Labour was projected to win only five Conservative seats. Voter support for the Conservatives fell by 10 percentage points in Greater London, but rose by half a point in the rest of the south-east. Forecasts based on such regional analyses halve the notional Labour majority; drop the national average Labour lead by three or four points and the party's overall major-ity melts away. Question: bow much money are you prepared to put on Labour sustaining a 10-point lead right through until next polling day? The uncertainty of the odds on that

bet gives flavour to the present sea-son's politics. It was a curious feeling, on Tuesday, to hear a debate on the economy in the House of Commons in which the Conservatives were no longer winning the argument. If a television audience had been able to see Labour's Mr John Smith take easy command over the House, Conserva-tives included, the damage to the Government would have been greater,



Such debates will be televised over the next two years; it is no longer axiomatic that the Tories have the best political face to show. best political face to show.

As Mr Smith pointed out in his genial burr, the Government can no longer hide its own shortcomings behind rhetoric about Labour's failings. It is more than 10 years since Labour was in power; the Conservatives have to carry the can for the present state of the economy. The potential TV magic of Mr Smith goes further than that bowever. Economists and finance directors may reasonably deride his reliance on persuasonably deride his reliance on persuasion of the henks to ease up on lending, viewers in general may warm to this smiling man's sensible sound-ing talk about reasons bleness and duty. "I am astonished, once again, that the concept of common good and

that the concept of common good and civic purpose is so lacking among Conservative members," said he.
His speech destroyed, in advance, the principal case put by the Chancellor of the Exchequer, Mr Nigel Lawson, that Labour had done worse in its time and that interest rates were already marking. Mr. Lawson, was already working. Mr Lawson was a lonely figure on his front bench; not so the acerbic Mr Gordon Brown, who wound up for Labour with a blud-geon: "This is the Chancellor who said that he would eliminate inflation. It looks just now that inflation will eliminate him. . . . his day begins with a begging telephone call to the president of the Bundesbank and con-tinues with telexes to the Bank of

Japan and with calls to the Federal Reserve Bank . . . the Chancellor who once boasted of his economic successes around the world is now reduced to ringing round the central banks for handouts. . . "Viewers with memories longer than 10 years might wonder whether anything has changed since 1979.

The Tories are set to lose more arguments next year. The doctors have not finished with them yet. People may trust Mr Keuneth Clarke with the National Health Service, but, fairly or not, they will have difficulty in trusting a Prime Minister possessed of a messianic privatisation and free-market vision. The teaching unions are preparing to fight a sophisticated set-piece battle in 1990; they will be after more pay, but they will try to win public opinion with arguments about the quality of schools. Water and electricity privatisation, plus the poll tax, will return to haunt the Government. People will still be sitting in ever-longer traffic jams, wondering whether someone is going to do something about it. In the EC, Mitterrand and Delors are already vowing not to let her get away with it next time.

In all these areas the Opposition will be on the attack, the Government on the defensive. Labour will project "time for a change," and "something new." The Conservative leader, will appear on the TV screen with the same old message. While they have her as their leader, the Tories are check with it

# **LOMBARD**

# **Never mind** about the bear

By John Lloyd

THE ACTING President of Hungary declares on Monday that his country is a "bourgeois democracy." The Mayor Moscow" and that is seen to be THE ACTING President of Hungary declares on Monday that his country is a "bourgeois democracy." The Mayor of Budapest, speaking in the City of London's Mansion House on Tuesday, says that "Hungary once again looks towards the West." Mr Imre Pozsgay, the former communist, now an 18-day old socialist minister of state and e contender for the Hungarian presidency in next month's presidency in next month's elections, is in the UK today to open the month-long Hungarian festival in the Barbican centre with declarations of the same sort. No country, not even Poland, has been so translations to the same to the sam mambiguous in its desire to re-enter the Western fold. Mr Wojciech Lamentowicz, a

foreign policy adviser to the Polish Government, has proposed in advance of this weekend's Warsew Pact commit that the terms of the pact be changed to make it clear that being in a sphere of security no longer means being within Soviet influence, and that never again can intervention be a possibility. He expects Hungarian support to force a change in the Pact.

But - the strategists and advisors in the West object -this kind of thing must have limits. It is one thing to declare an end to the Brezhnev doc-trine, under which the Soviet Union determined what was and what was not socialism. It is another entirely to push the limits to the point where future decisions entail leaving the Warsaw Pact and Comecon, and seeking a neutral

status. The Hungarian parties — including the liberal Free Democrais - had to a greater or less degree accepted this rea-soning, without necessarily liking it. But the speed of political movement in Hingary, a speed dictated by public opinion and the politicians' awareness of it, now puts that careful accom-modation in doubt. First, Soviet insonciance

about the developments in Hnngary bes probably depended on the assumption that Mr Pozsgay would become President. Mr Pozsgay often now sounds like an anti-com-munist and we can expect that strain to become more pro-

Moscow" and that is seen to be important. But he is no longer a shoe-in. The Hungarian Democratic Forum, probably the most popular political force, has a candidate in Mr Lajos Fur. The Free Democrats may succeed in getting a referendum on whether or not the Presidency should be held by national plebiscite next month, or instead wait until the parliamentary elections early next mentary elections early next year, and be chosen by the new parliament.

parliament.
Second, as Hungarian officials realise that they are no longer under the guidance of the "leeding (Communist) Party," they are becoming much more adventurons in speculating about their country's fritness. They have so far speculating about their country's future. They have so far seen no Soviet bottom line. On the contrary, Mr Pozsgay and others claim that they have received only encouragement or at least acquiescence. So, the officials now say to the West, it is you who are inhibited about our movements; you ited abont our movements; you who cling to an outmoded idea of what the Soviets will bear; yon who encourage us to seek pluralism and the market, but who bank et the responsibilities you have to bear once we take your words at face value. Public opinion will surely have e role here. Just as the crowd who heard the acting President declare a bourgeois republic roared approval of his declaration that Hungary should have good relations with the US, they booed his carefully balanced nod to the Soviet Union. Politicians facing electorates next year will

remember that scene, and tai-lor their rhetoric to it. The lesson from the recent past is that both the reformers within the east European camps, and the policy makers watching them from the West, have had constantly to revise upwards the level at which 'stability" is pitched. For the moment, it is the Hungarian people who will decide: which is why Hungarian politicians, when asked if they really are thinking of neutrality, now tend to reply, half anxiously and half defiantly — "why

# LETTERS

# Fracas in the media over Sir Alan Walters

Sir, Sir Alan Walters's com-ments on the European Monetary System, the occasion of much commotion in recent days, were first printed in your UK edition of October 18

("PM's economist adds his guarded support").

They were taken from the later pages of a lengthy auto-biographical essay, written for a series that The American Economist, journal of the economics fraternity at Pace University, New York, was proposing to publish.
Publication of Alan Walters's

piece had to be deferred for various editorial reasons. I first saw the complete typescript. some 18 months ago, and I remembered it when Mr Simon Holberton, the author of the FT article, approached me several months ago for a friend's assessment of Alan Walters's person, career and work, in

preparation for one of a series of articles on economists (as I understood the purpose).

It was at my suggestion that s copy (when finally unearthed) was mailed to Mr Holberton as background material to his researches. In two of my three telephone conversa-tions with your colleague I mentioned, because it seemed to me relevant, that Alan Wal-ters's essay had been produced

some time ago.

There is, moreover, internal evidence in the piece itself for the approximate terminus ad quem of composition. Mr Hol-berton's article failed to make it clear that he was quoting -Alan Welters's voice from a reasonably remote past: remote in terms of economic developments, policy debate and the status of the author himself. Perhaps you, and your col-league, did not then think it mattered: everyone is entitled

to episodes of innocence. In the following days, how-ever, when the quotation was widely understood, cited and used as a recent statement -already printed or soon to be, and recently written or spoken

in an interview - and thus evidence of Alan Walters's engaging in guerrilla warfare against the Chancellor, the omission must have struck you, in possession of the facts, as material and damaging to public affairs as well as to the

I should have thought it an elementary matter of journalis-tic and editorial responsibility to investigate the provenance of what you had printed if you did not already know it in full detail, and to put matters in their true perspective.

As it is, by your silences and

your utterances since then (most recently by your political writer in the FT on October 25)

Esra Bennathan 108 Clarence Gate Gardens, London NW3

Str Alan Walters in connection Sir Alan Walters in connection with a profile it was researching. Sir Alan said he would send a copy of a biographical essay he had written for publication. The essay reached the FT after our profile of Sir Alan had been published. No restriction was placed on the FT use of Six Alan's essay. of Sir Alam's essay. There was no suggestion that his views on policy matters had changed since he wrote the article. It was therefore handled in the normal way. The FT article of October 18 made it clear that the source for Sir Alan's remarks was o biographical essay to be pub-lished by The American Econo-mist, not an interview. — The Editor.

### 'The single market could be a farce for textiles'

From Mr. K. Neundörfer.
Sir, Though the main emphasis of the study prepared for the Department of Trade and the Department of Trade and Industry by Professor Silberston on the Multi Fibre Arrangement (MFA) is the situation in the UK (Peter Montagnon's report, October 20, FT leader, October 25, it is also of great interest for the textile industry of other EC countries industry of other EC countries

industry of other RC countries such as West Germany.

In complete agreement with our colleagues from the British textile and clothing industry, we feel confirmed by this study we reel commence by this study in our offensive stance. We are in favour of a gradual re-integration of world textile trade into the general GATT rules (though this implies, as Silberston, strangers, and the standard st (though this implies, as Silner-ston stresses, a longer transi-tional period), albeit under the precondition that, eimulta-neously and in parallel, the widespread distortions of competition in world textile trade such as dumping, subsidies, infringements of intellectual property rights, closure of potential markets, non-cost-ori-ented prices by the state trading countries, are abolished.

The economic and eocial effects of abolishing the MFA, as Silberston mentions, must be criticised; the more so because UK circumstances can-not be taken as typical for the EC in general, and because the

Community can only practice a uniform trade policy. Often the

textiles and clothing industries

are located in "under-devel-

oped or backward" regions in the EC (not only in the new member states) with a high degree of female employment; occupational mobility for these employees is practically non-existent.

It is surprising with what

quantitative precision the advantages of total liberalisa-tion for the consumer are "calculated" in the Silberston report in particular this goes for passing on possible price reductions for imported goods from the retail trade to the consumer. The lower the mark-ups are in retail trade -in West Germany, considerably lower than in the UK - the smaller the probability that price. reductions will he, iargely or even in most cases, to the consumer's advantage.

As regards the effects of the European single market, also dealt with, the suppression of the quotas of the single member states and of Article 114 of the EU treats are a logical con-

ber states and of Article 114 of the EC treaty are a logical con-sequence of such a single mar-ket. How this will affect the distribution of imports among the individual member states is currently a matter of EC-wide speculation. Nearly every industry in the Community alleges that it stands to suffer most in this process.

most in this process.

Irrespective of which speculation turns out to be correct, the European single market will merely be a farce for the textila and clothing sector without suppressing the partition of the EC quota among the member states. K. Neundorfer, Central Confederation of the German Textile Industry. Schaumainkai 87. 6 Frankfurt AM Main 70, West Germany

From Mr J.A. Nightingale. Sir, Your leading article on trade in textiles (October 25) and Peter Montagnon's article (October 20) give inadequate weight to some important parts of Professor Silberston's report, published last week by the Department of Trade and Industry.
The link between the Multi

Fibre Arrangement's (MFA) future and progress in achiev-ing strengthened GATT (General Agreement on Tariffs and Trade) rules and disciplines during the Uruguay Round negotiations is acknowledged by all the participating countries, and is backed the report. It is accepted not only by the southern Enropean govern-ments to which your lasder refers, but also by the Commu-nity as e whole, and forms part of the EC's recent submission to GATT.

The stress given to an international agreement on GATT safeguards as e precondition for ending the MFA is well-founded, and deserves more attention that it has received so far. The prohibitive barriers to trade imposed by many developing and newly

industrialised countries, and the distortions these cause in world trade in textiles and clothing, are also far too important to be dismissed as readily as does your leader.

We find much to agree with

in Professor Silberston's report. However, the statistical between price changes and loss of textile and clothing jobs as a result of ending the MFA seems to us highly implausible. If he is right (which is questionable) in his assessment of price changes, his estimate of 33,000 jobs that would be lost is an important understatement, given the serious additional pressures on UK manufactur-ers that would result. The impact on employment in UK inner city areas, the north, the north west, Yorkshire, the East Midlands, Scotland and North-ern Ireland would be particularly acute.
The UK Government and the

EC must continue to press in the Uruguay Round negotia-tions for strengthening GATT rules and disciplines on dump-ing, subsidles, intellectual property and safeguards, and for the reduction of tariff and non-tariff barriers facing UK exporters. The future of the MFA is linked to real and demonstreble progress on

J.A. Nightingale, Apparel, Enitting & Textiles Alliance, 7 Smallow Place, W1



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# **FINANCIAL TIMES**

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# Brittan proposes aid repayment by Renault

By Lucy Kellaway in Brusseis and Will Dawkins in Paris

SiR Leon Brittan, the European Competition Commissioner, yesterday proposed that Renault, the French stateowned car company, should repay in full FFr12bn (\$1.9bn) of state aid that it was granted

Such a demand, if endorsed by the full Commission, could prove intensely embarrassing for the French Government which is half way through its six month presidency and looking forward to a successful summit in Strasbourg in

Sir Leon's decision, which may well lead to a head-on clash with the French Government, follows several attempts to reach a compromise with Paris which, it is alleged, has failed to abide by the terms agreed when the money was granted.

These terms specified that the company's statute, which with seam certain to appear against any decision, has argued that the original agreement no longer applies because since it was signed both the French Industry Minister and the company's statute, which

By Raymond Hughes in London

BANK and broker creditors of

the International Tin Council,

which crashed into insolvency

in 1985 owing hundreds of

millions of pounds, have finally lost their legal battle to

force the council's members to

pay its debts.

Five English Law Lords yesterday totally and unambiguously rejected the creditors' arguments, ruling that the members – the UK, 22

other states and the European Community – had no liability under English law.

Although a second big tin

case is wending its way

towards the Law Lords, the expectation is that the ITC

states and the creditors will

now concentrate their efforts on bringing to fruition ont-of-court settlement

does not allow it go bankrupt, should be changed to put it on a competitive footing with other European car manufac-turers. The conditions also laid down a reetructuring plan under which the capacity of Renault's assembly plants would be cut by 25 per cent between 1984 and 1990.

His proposals, which are being circulated among his col-leagues for comment, are likely to be put in full to the Commission in two to three weeks.

Opposition is expected from the French commissioners, but officials yesterday suggested that the proposal had a fair chance of being carried. The French Government, which would seem certain to appeal

discussions that have been in

The creditors are understood

The ITC was established to

production and

maintain a balance between

consumption and to prevent excessive price fluctuations.

There were few words of comfort for the creditors in the 48-page ruling handed down

Only one of them came near

to echoing the criticisms of the

ITC and its members, and the

suggestions of moral, if not

to be willing to accept £187.5m (\$300m). The states' latest offer is believed to be £12m

train for many months.

short of that.

by the Law Lords,

Tin council creditors lose ruling on debt

changed. Moreover, it has and West German govern-claimed that the strength of ments which themselves have the European car market, which was not forseen when the agreement was signed has made the rationalisation plans

invalid. Sir Leon's move is his toughest since he took over the com-petition brief from Mr Peter Sutherland in January. Since then, Brussels' stance on state aid has been considerably tightened, with existing as well as new state aids falling under the Commission's scrutiny.

The row over Remailt comes

The row over Renault comes on top of three separate disputes between France and Brussels on air transport policy. On Wednesday evening the Commission expressed doubts about a route sharing agreement between Air France and

Any decision to force tough terms out of Renault would be welcomed by both the British

Lord Griffiths said he

dismissed the creditors' appeals with regret because in

his view they "have suffered a

his view they "have suffered a grave injustice which Parliament never envisaged at the time legislation was first enacted to enable international organisations to operate under English law."

Lord Templeman said that accordance of the graditors'

acceptance of the creditors'

arguments would involve a hreach of the British

constitution and would be an

invasion by the judiciary of

the functions of government

He said the case could not be

decided by criticising or

blaming the member states or by attributing to the operations of the metal

and Parliament.

ments which themselves have been forced by the Commission to make cuts in their planned state aid to Rover and Daimler

After a meeting last week with Mr Michel Rocard, French Industry Minster, Sir Leon was not convinced that enough progress was being made to meet the conditions and hedecided to opt for the most radical form of redress.

Sir Leon has been willing to

do a deal with the French that would relate the size of any repsyment to the amount of restructuring that has been

But the French side has not wished to negotiate.
The two sides dispute how much of the rationalisation plan has heen taken place, with Brussels arguing that over the period Renault's capacity has actually

exchanges the decline in tin prices that bankrupted the ITC, inflicted a loss of up to £500m on the states and

The courts possess neither

the evidence nor the authority

to pronounce judgment on these matters," he said.

and national policy will decide whether the debts of the ITC, an international organisation

established by treaty, shall be

discharged by the member states and, if so, in what manner the burden should be

shared. English judges cannot

meddle with unincorporated

ITC ruling dashes creditors'

"International diplomacy

and

to the

cansed poverty nnemployment to

producing states.

increased. Some progress has been made on Renault's status as a company, with broad undertakings given by the French Government that should Renault get into trouble again, it would not necessarily be bailed out.

A decision against Renault's FFri2hn debt write-off would be a serious setback for the Paris Government, already in the throes of a difficult internal debate over how to improve the weakening balance shoots of other state. ance sheets of other stateowned companies.

It would also be a financial disaster for Renault, which refused to comment on the latest Commission developments yesterday. The group is bask-ing in a profits recovery, with net earnings more than donhied to a record FFra9bn last year, on the back of the gen-eral strength of demand in the European car industry.

# China says sanctions blocked \$10bn loans

By Colina MacDougall and Robin Pauley in Peking

WESTERN economic sanctions imposed against China after the June massacre of peaceful demonstraturs in Peking have started to hite deeply into the country's trade and economy. Mr Zheng Tuobing, Minister of Foreign Economic Relations and Trade, said yesterday that an estimated \$10bn of loans including 2300m from the British Government had heen suspended and no negotiations of any sort were taking place for new official borrowing. "June 4 also had a hig impact on China's imports and exports. We hope this can be made up in the inture. But we cannot make up the losses

from sanctions on loans.
"We hope sanctions will be eliminated as soon as possible. But we have no idealistic ideas that this will be over very soon and we are preparing for a long period of sanctions," he said. seem on the surface as though sanctions had not affected China much. For example, China's imports from Britain increased by 42 per cent in the first eight months of 1989. "But all that increase is the result of old contracts signed last year. But all these contracts will be finished very soon. Because of economic sanctions we are not

discussing any new contracts with Britain. If the present situation continues trade between China and the UK will be greatly reduced."

Mr Zheng hinted that China may have to raid its foreign exchange reserves next year to ensure that all interest and

principal repayments on the country's mounting foreign debt are met on time. China's foreign debt has almost dou-bled from \$21.6bn in 1996 to \$40bn this year and although a significant proportion is long-term debt, interest and principal repayments peak next year.

The country's leaders are determined not to reschedule their debt or to make a late payment although the current economic crisis suggest repay-ment difficulties next year. "Ws do not think that borrowing new loans to repay old debts is a good idea. I am quite certain we will not use a lot of the foreign exchange reserves to repay interest and principal in 1990."

Mr Zheng said China was now seriously discussing how much more debt the country could sustain. "We will con-tinue to borrow but we will restrict the scale," he said.

He also confirmed that a vigorous debate was under way in China about the need to devalue the Renminbi currency. It is quite obvious that the present exchange rate is not helpful to China's exports. This situation should be changed but how great a deval-uation and when it should take place is all under discussion

Mr Song Ting Ming, of the State Commission for Restructuring the Economy, said the devaluation question was under "heated study." The offi-cial exchange rate of 3.72 Renminbi against the US dollar was overvalued. The more realistic rate prevailing in the foreign currency adjustment cen-tres used by foreign joint ventures was nearly 6 Ren-minbi to the dollar. "Ws devalued three times in the last decade, the last time in 1987. When the next readjustment will be made is a state secret." While the supporters of

China's economic reforme clearly support a devaluation it is unlikely that the present hardline leadership under Mr Li Peng, the Prime Minister would countenance such a move. Martial Law: Page 4.

# The navigator jumps ship

Tha market reaction to Mr Lawson's bombshell can only be one of dismay. What began as a mere sterling crisis has turned into one of government. For foreign investors particu-iarly, the Lawson era has been one of relative stability in economic policy. Its abrupt termination can only increase con-cern about the future of the Thatcher Administration itself, just at the time when prospects on inflation and recession are

at their most unclear.

If last night's first reactions on the foreign exchange markets are a guide, sterling is in for a very rough time. It is not even a matter of switching from a Lawson exchange rate policy to a Walters one. Both extremes have vanished: and given the Prima Minister's apparent view that sterling should be free to float but not to depreciate, there is no tell-ing how official policy will now evolve. At a time when a huge trade deficit is being financed largely by hot money, the pol-icy vacuum appears to leave the Government at the mercy of the government at the mercy

of the speculators.

For the equity market, the crisis could not have come at a worse time. In a pattern which is by now becoming familiar, London was yesterday hit by bad domestic news in the morning – ICI this time – and by yet another random slump on Wall Street in the afternoon. The threat of recession was in the market's mind already; further interest rate rises might turn that into a certainty and since last night the risk is greater - especially if overseas investors fix on the possibility of a change of gov-ernment. Even without that, they will scarcely warm to the sight of a financial minister of Mr Lawson's international

standing being replaced by the obscure Mr Major. It is hard to recall that base rates went to 15 per cent only three weeks ago. Since its September peak, the FT-SE has fallen by an average of 8 points a day. If this keeps up, we will be at 1800 by Christmas.

Morgan Grenfell

With hindsight, Banque Indosuez was an obvious buyer for Willis Faher's me fifth of Morgan Grenfell. Indosuez's annual report, with its fiveyear plan for empire-building in corporate finance and fund management, tells the story. So it seems likely indosuez will make a full bid, whatever the attitude of Morgan, or of Morgan's 4.9 per cent shareholder Deutsche Bank. Indosuez's

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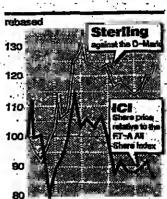
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self-imposed 12-month delay looks like a device to spare Willis the embarrassment of having banded Morgan to the foreigners.

1987.

1985

For Morgan shareholders, including perhaps many employees, a takeover would be a welcome relief. After all, Morgan's shares closed at 400p last night, £1 adrift of the price it floated at in 1986. Left to itself, Morgan would have great difficulty giving a decent return to shareholders who have been with it since then, in spite of its self-rehabilitation space of its self-renamination since Guinness. As for Willis, after paying £24m tax, the insurance broker could have ample cash to spend if it wishes to bolster its European operations or undersized actuarial consulting side.

There is room for debate-about the merits of folding a London merchant bank into a conglomerate like Compagnie Financiere de Suez, with its network of industrial holdings. True, the fit looks snug in, say, investment management. In corporate finance, though, the clear evidence from such as Schroders since Big Bang has been that independent status attracts more business, and avoids the conflicts of interest stemming from ownership by a sprawling parent.

share price vesterday was a harsh response to poor third-quarter figures, but not undeservedly so. For two years, the market has been bracing itself for the downturn in ICFs commodity business. The company's response has been that even if it came, the rest of the business would counterbelance it. Yesterday's figures show the opposite; the hulk business holding up and the rest suffering. If the consumer and agri-

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Tomorrow's structural

technology today

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cultural businesses are not to he relied on, what happens when the industrial downturn finally arrives?

finally arrives?

The one sector still doing its counter-cyclical stuff is pharmacenticals, which provided some 40 per cent of profits in the slump of the early 1980s. But at that time, the heart drug Tenormin was growing explosively: it is hard to think what will fill that role now. And it does not appear that ICTs seedcorn businesses, such as electronic chemicals and advanced composites, are yet making a contribution.

it does not do to be too pessi-mistic. The market now expects about £1,550m pre-tax for this year and nearly as much next. If ICI escapes the downturn with nothing worse than three flat years in a row, the low rating of the past two years – the multiple is now 8 times - could prove to have been exaggerated. But it is worrying that the downturn seems to be emerging in a shape which was expected naither by the market nor by the company itself.

fered by one of the world's big-

LIT The fact that the losses suf-

gest options brokers are linked with just three local Chicago traders writing puts in UAL indicates the enormous risks that are huilt in to the operations of the futures and options markets. LIT is effectively underwriting the locals for whom it acts as clearer, so it needs very sophisticated monitoring systems indeed if it is to avoid such disasters; those systems failed this time. There have been other casualties in the options market of Wall Street's precipitate decline two weeks ago, as there were in the much more traumatic days of 1987. Derivative markets are often accused of creating volatility in the financial system: whether or not that is true, it is at moments of extreme turbulence that they themselves are most likely to break down. The sophisticated calculations involved in option pricing depend on measures of volatility which inevitably reflect the norm rather than the extreme. The irony is that Chicago's success in dominat ing the world's futures and options markets depends on the locals, who provide the liquidity that an institution-dominated market ench as London lacks. If brokers such as LIT cut back on their dealings with the locals, then that liquidity will diminish.

# **Opposition** parties in India reach poll accord

By David Housego in New Delhi

INDIA'S opposition parties yesterday boosted their electoral chances by reaching broad agreement on putting up a single candidate against the ruling Congress Party in most

The agreement came as rioting between Hindus and Mos-lems escalated in Bihar, in eastern India, hringing the death toll since the weekend to more than 50. Mr Rajiv Gandhi, the Prime Minister, flew to Bhagalpur, a small town on the river Ganga, where some of the worst violence has been. His visit, decided at short notice, was postponed for several hours because of the serious-ness of the situation. In New Delhi, the Janata

Dal, main constituent of the opposition, said that it was confident of reaching an agree-ment with the Hindu militant BJP party on fighting the Con-gress Party on a one-to-one The BJP also confirmed that

it had reached an understanding on most seats in the key northern constituencies with the Janata Dal. All political observers agree that without an agreement on seat sharing the opposition had no chance of defeating the Congress

in the largest state in the union, Uttar Pradesh, which has 85 seats, it thus seems likely that the Janata Dal will put np more than 60 candidates, while the BJP restricts itself to about 15. in nearby Madhya Pradesh, where the BJP is strong, it has already announced 30 candidates in a state where there are 40 seats. The understanding between the opposition parties suggests that Mr Gandhi's tactic of a snap election to catch them off balance has not been the suc-

Before Mr Gandhi's arrival, troops marched through Bha-galpur in a display of force to

cess he had hoped.

# legal, responsibility made by judges in the High Court and Court of Appeal who had earlier rejected the creditors' Pöhl says Bundesbank 'not hostile' to full European monetary union

By Lucy Kellaway in Brusseis

sought to Overturn the box view of the German Central Bank as being hostile to the idea of full monetary union. Mr Pohl said that a common European currency, issued by a common European central bank would have practical advantages over the present system, would be an "impressive manifestation of a European identity," and would be a factor in helping to stabilise the international

monetary system. However he added that neither were pre-requisites for monetary union, which had taken place already to a large

MR Karl Otto Pohl, President to the Association of common monetary policy."
of the Bundesbank, yesterday Cooperative Banks of the EC in Using the Bundesbank as his Bruesels, re-iterated the German preference for a much more gradual progress towards European monetary union epeedy the implementation being urged by

Mr Jacques Delors. He urged governments meeting in Strasbourg this December not to succumb to political pressures but to move

slowly.
"We are dealing with a fundamental restructuring of Europe's economies. This has to be done cautiously," he said. Although progress was being made in some areas, he said that "we are far away from

Sir Geoffrey Howe, the Deputy Prime Minister, was forced to leave the Foreign Office – and

was replaced as Foreign Secre-

tary by Mr Major - after

playing a prominent role in for-cing the issue.

Mrs Thatcher now faces the

task of persuading both her own supporters and the elec-

torate that she does not oper-

ate the "authoritarian" style of

Government which her oppo-

The emphasis at thie

month's Conservative Party

Conference on a "team

approach" was designed to counter that image, but some

ministers were saying yester-day that her refusal to sack Sir Alan would reinforce the oppo-

The question that both Con-

servative and Labour MPs

were asking last night was

whether the resignation would

her own plans to remain indefi-

force Mrs Thatcher to reass

nitely as party leader.

nents allege.

sition's attack.

bed the German insistance that any European central bank would have to be independent and flexible. He cast doubt on whether "all European governments and parliaments are willing to transfer sovereign rights to a supranational institution and grant antonomy to this

He took the opportunity to deliver a full tribute to the role of the D-Mark as the linchpin of the EMS and the spur to the adoption of anti-inflationary policies by other European

"Surely, the Bundesbank can take credit for that to a certain extent," he said.

# Lawson resigns as UK **Chancellor of Exchequer**

Continued from Page 1

of their meetings yesterday to time as Prime Minister. stay on. In the July Cabinet reshuffle, stay on. Mrs Thatcher, however,

made no mention of Sir Alan and after summing up Mr Lawson's achievements added pointedly: "It is a matter of particular regret that you should decide to leave before your task is complete."

As Chancellor since 1983, Mr Lawson was widely credited with winning the 1987 election for the Company of the contract the company of the contract the company of the contract the cont

for the Government through
the success of his economic
strategy. But Mrs Thatcher is
known to have blamed his
attempts to "shadow" the
D-Mark last year for much of
this year's sharp rise in the
inflation rate.

she is reported to have said that his policy had "put back" the Government by two years. Despite her agreement at the Madrid European Community Summit that the Government was committed to full EMS membership, Mrs Thatcher has left the suspicion that she does

# ntent. having the adequate Mr Pohl, who was speaking institutional provisions for a

In one private conversation not intend to join during her

Sterling slides in New York

> Lawson's departure from the Government had added a sig-nificant level of political risk at a troubled time for the UK economy. They said sterling would be the market's central

in the pound was unwelcome and that the value of sterling would remain one of the indicators it monitors in ass monetary conditions. The Bank worked through the night monitoring markets and it will be taking close interest in Continental and British

level of credibility that his pre-

# **News stuns Parliament**

Industrialists were guarded about the impact Mr Lawson's resignation would have on business confidence.

Most were concerned it would add to the uncertainty facing industry in the wake of the rise in interest rates and last week's sharp falls in share However they also believe

that it will not necessarily

have a lasting impact on eco-nomic policy as long as the

membership of the EMS and interest rate policy were

lic company said Mr Lawson's resignation would add to the uncertainty facing industry in the short term, but would not matter in the long run as long as stability was restored

in a revolutionary metal-forming ponent as desired during the being closely studied by other technique which has the poten- Vari-Form process, resulting in potential customers, not only in tial to bring about a major change higher geometric compatibility. the motor industry but in other in their approach to production And components are cheaper. areas, including aerospace. engineering. The technique, An American study indicated Bundy's approach is not to known as Vari-Form, was con- that by adopting Vari-Form, one become a large-scale producer of

structural space frame.

dard approach to car body con- of any length, in diameters up to Group as a whole, The Vari-Form technique to 4mm. Further development 1986-87, its driving strategy has leader, then pumping in fluid reinforcement.

until the tube takes the shape of Already in production a surrounding mould. The for major manufacturers

ability to form complex one- Vari-Form has already been approach. piece components in this way is a adopted as a production technique for critical components by Vari-Forming offers many major international automotive distinct benefits. Components manufacturers in high volumes. are lighter than conventional for example for instrument panel presaings. Structural integrity beams. Rover is Europe's first is superior to welded con- car maker to use Vari-Form - for figurations, so such components an armature or support frame for

THE WORLD'S CAR manufac- are actually stronger. Moreover the aerofoil on the Rover 800 turers are showing close interest holes can be punched in a com- Vitesse. The process is now

ceived within the Ti Group and typical car body frame could Vari-Form parts, but to develop developed within Bundy Inter- have been made from 75 struc- and license the process, supportnational, one of the Group's core tural members instead of 280, ing customers with the maxbusinesses. TI are so encouraged using 200 spot welds instead of imum of technical assistance. by its prospects that they have 5,000, with substantial savings in Bundy's core activity is the patented Vari-Form worldwide. cost. Future automotive assem- design and manufacture of

blies will incorporate many Vari- coupled tube and hose systems, Form components including the in which it leads the world. It is TI's biggest business and its The process can be applied to activities are typical of the prosheet has been the virtually stan- tubes of many different materials, ducts and outlook of the TI 120mm and wall thicknesses up Since TI was restructured in

involves the initial manipulation work now centres on techniques been consistently to improve its of metal tube, a skill at which such as "sleeving" a second tube position as an international Bundy has long been a world over the first to provide local engineering group concentrating on specialised engineering businesses, operating in selected niches on a global basis. It has proved a highly successful



# C 20 60 | Flandes | F 11 20 | Flandes | F 11 20 | Flande | To F 53 91 | To F 54 9 24 75 C-Group Dr-Dritzie F-Pair Pg-Pag H-Hall R-Rain 22 72 S-Sun St-Steat Sn-Super T-Threater

**WORLD WEATHER** 

## Continued from Page 1 and it is entirely the Prime Minister's fault."

One director of a major pub-

What we want is stability in terms of exchange rates and an acceptable level of interest rates for the foreseeable future so that uncertainty is banished long-running disputes over from the picture," he said.

Continued from Page 1 through the Federal Reserve, the US central bank. Analysts in London said Mr

focus today.

Last night, the Bank of England indicated that the fall

in Continental and British markets today.

Analysts said that full British membership of the European Monetary System was now firmly off the agenda and that Mr Major, though respected, would have a difficult time in establishing the level of credibility that his ure.

decessor possessed.
Sterling, which was trading at DM2.9665 and \$1.6125 just before Mr Lawson's resignation, was quoted in late trading in New York at DM2.8930 and

### JOBS

# Why ambitious engineers seek different work

By Michael Dixon

GO int	o any	Britis	h bus	iness
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who, after several years experience in that field, is taking a master's degree in business administration to use as a passport into some other type of work - more often than not, finance. The table alongside suggests why. It is compiled from the Remuneration Economics consultancy's latest surveys of pay and perks in three epecialist fielde: financial management, personnel, and engineering. It differs from the pay tables usually printed in the Jobs column. Whereas they tend to focus only on senior ranks, today's covers seven rungs of the managerial ladder leading to

the boardroom. As a result it gives an idea of the career progression typically associated with each of the three types of work, in terms of the

rewards forthcoming at each successively higher level. Even so, the table gives only a sprinkling of the data available in the full survey reports. Anyone wanting them should contact Peter Stevens of the consultancy at

2.5			quartile Total	-0	dian Total		quartile Total		rage Total	% who	Bonus as % of	% with	% with	
Rank	Specialism	Basic salary £	£		money reward £		money reward £		money reward £	paid bonus	recipients' exminge	cer	petrol	holida
Director	Finance	37,200	38,913	45,562	50,140	62,000	67,000	53,179	58,363	54.8	14.8	91	54	48
	Personnel	34,000	34,510	39,800	43,500	49,000	54,600	42,464	46,510	61.9	12.9	94	57	41
	Engineering	28,004	29,216	34,369	36,660	41,242	45,621	37,026	39,233	43.4	11.8	89	46	25
Head of function	Finance	27,000	25,382	\$3,000	34,800	40,000	43,008	35,053	38,838	48.7	9.1	87	39	42
	Personnel	24,300	25,000	29,750	31,917	36,000	37,950	30 674	32,642	55.9	9.5	86	28	48
	Engineering	22,815	23,422	26,986	27,648	33,605	35,457	28,347	29,388	44.8	7.5	74	25	41
Heed of dept.	Finance	24,053	25,000	28,879	29,903	34,000	35,445	29,619	30,998	48.2	8.3	82	25	37
	Personnel	22,250	23,285	26,500	27,627	30,500	32,588	27,027	28,292	\$5.8	7.8	78	27	42
	Engineering	21,049	21,411	24,309	24,516	27,625	29,145	24,990	25,653	38.1	7.2	50	11	35
Section manager	Finance	22,000	22,102	25,000	26,800	30,600	32,000	28,846	27,671	50.2	5.9	70	16	39
	Personnel	19,750	20,000	22,155	23,386	26,400	27,687	23,123	23,925	46.4	5.7	81	10	42
	Engineering	19,469	19,672	21,840	21,999	24,440	24,745	22,773	23,128	34.8	4.3	21	4	47
Section lander	Finance	18,909	19,215	22,508	23,348	26,000	26,985	22,557	23,406	51.5	6.5	45	f	37
	Personnel	17,594	18,000	19,750	20,079	22,626	23,585	20,098	20,754	42.0	7.0	38	10	42
	Engineering	17,312	17,496	19,043	19,094	21,059	21,375	19,737	19,977	27.1	4.4	13	3	29
Sector staff	Finance	18,918	17,000	19,435	19,743	22,572	23,457	19,898	20,454	40.1	8.1	19	3	39
	Personnel	14,748	15,000	16,798	17,364	19,500	19,854	18,838	17,514	48.8	7.4	17	8	38
	Engineering	16,046	15,149	18,731	16,823	19,348	19,794	17,625	17,863	27.3	4.5	11	3	32
Staff	Finance Personnel Engineering	12,501 12,031 12,558	12,880 · 12,310 12,678	14,850 18,979 14,031	15,192 14,296 14,293	17,160 15,810 16,449	17,709 16,494 17,274	15,173 13,964 14,939	15,520 14,389 15,219	38.1 38.2 35.2	5.3 6.9 5.5	7 13	1 1 2	27 28 35

upon-Thames, Surrey KT1 2SH; tel 01-549 8726. The financial management and personnel studies are both dated as at September 1. The engineering survey is dated as at July 1, and on Mr Stevens's advice I have increased the pay figures in it by 18 per cent to bring them into line with those from the later studies.

For each type of work at each level, the table starts by

giving first basic salaries then total money rewards including bonuses and such-like. The lower quartile figures refer to the person a quarter way up from the bottom of a ranking of all people of the same seniority in the same specialism, the medians to the person mid-way in the ranking, and the upper quartiles to the one a quarter way down from the

calculated on standard lines. Thereafter we have the percentage of those in each category who received a bonus and how much of their total money pay the bonus represented. Then come the percentages with a company car, free fuel for private motoring, and five or more weeks holiday a year.

As may be seen, except on the two lowest rungs of the ladder, the engineers are pretty consistently worse off than their counterparts in personnel not only for salary and bonus payments, but also for cars, free fuel and holidays. The personnel specialists are in turn worse off in most respects than

their equivalents in finance.
Admittedly some of the
engineers' disadvantage can be explained by geography. A greater proportion of them than of the other two types of staff are employed in parts of the United Kingdom where pay-levels in general are lower than in London and the rest of south-east England.

For example, whereas 60 per cent of the personnel staff surveyed worked in those higher paying areas and 40 per cent elsewhere, the balance among the other engineers was the other way round. But my checks suggest that the geographical differences cannot account for more than about half of the personnel specialists' lead over the engineers in

total money rewards.

Fortunately for the UK's economic outlook, there are signs in the consultancy's reports that employers are coming under pressure to reduce the bias in pay.

The companies surveyed were finding it easier to get financial staff, with the proportion experiencing recruitment problems this recruitment proteins this year down to 46.2 per cent compared with 50 in 1988. The number having trouble in finding personnel people had meanwhile increased, but only from 20 to 22.4

By contrast, no fewer than 56.7 per cent were hardpressed to recruit enough ers, as against 40.6 per

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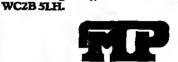
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Our client, an International investment bank and influential trader on world futures exchanges, seeks an experienced pit trader familiar with the Bund, JGB and Long Gilt Contracts. In addition to pit trading your knowledge of the markets will be utilised to provide client advice and the opportunity will exist for you to trade a book.

You should have at least two years' experience as a pit trader and have the ability to trade accurately in

To discuss this vacancy in confidence please telephone 01-628 0969 or write to Campbell-Johnston Recruitment Advertising, quoting reference number FT22795/FT, with a covering letter listing any employers to whom you would not like your details forwarded.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON ECZM 5PJ. TELEPHONE 81-588 3588 or 81-588 3578. TELEX: 887374. FAX: 91-256 8501.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT — PLEASE TELEPHONE 91-628 7539

### **U.K./EUROPEAN EQUITY SALES** £35,000-£70,000

are currently working on we are currently working on assignments for a number of International Investment Banks. Applications are invited from candidates with specialist sector knowledge, and a minimum 5 years experience, coupled with the ability to conduct business with senior institutional equity fund managers. Good relationships and contact or specifications for these senior experiences. essential qualifications for these senior positions, a second European anguage would be a distinct

### CAPITAL MARKET SALES £25,000-£40,000

Our Clients, all major participants in the Capital Markets Area, require the Capital Markets Area, require Salespeople covering Europe, in particular France, Spain or Italy. Preferably educated to degree level, you should already have an established client base, and a minimum of 2-3 years experience in this area. An in-depth knowledge of the major Euro and Domestic Bond and Derivative Products markets, together with fluency in the relevant European languages are prerequisites for these languages are prerequisites for these positions. Contact: Wendy Fenn

### JAPANESE EQUITY WARRANTS **£Negotiable**

An International Bank, currently trading An International Bank, currently trading in Japanese Equity Warrants, are looking to expand their existing team. A trader is required with at least 2 years experience in equity warrants or other equity related fixed income instruments. The company also wishes to recruit a Salesperson with specialist knowledge of the warrant market, together with experience in more general Capital Markets products. Preference will be given to candidates in their mid-to-late twenties, with a good educational background. with a good educational background. Contact: Wendy Fenn

Please do not healtate to contact us for further information regarding the above and other opportunities currently available within the financial markets.

127 Cheapside London ĒC2V 6BU

Contact: David Puddick

Anderson, Squires Financial Recruitment Specialists

Telephone: 01-606 1706 Telefax 01-726 4031 A member of the Positions Group Ple

Securities  $\circ$  Operation

# Investment Manager

Our client, the Swiss banking subsidiary of a mu Un mancial services group, has ambitious and aggressive growth plan - and the resources to back it.

The Investment Manager will play a key role in the development of the business and the management of the Bank, located in Geneva, and work closely with the Central Research and Fund Management Team in London.

The responsibilities will include:

- \* managing discretionary investment portfolios in
- various base currencies \* providing investment advice to private clients
- \* advising the group on fixed interest and Continental European equity

# Attractive Package

The requirements are:

- \* good general private banking experience:

  \* at least five years investment management.
- \* good knowledge of fixed interest securities and Continental European equity markets
- \* Swiss national or current C or B work permit \* above all, enthusiastic, self-motivated and keen to share the challenge and rewards of building a

An attractive salary and benefits package will be offered to reflect the candidate's skills and experience.

Interested candidates should contact Charles Ritchie at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City International Recruitment Consultants

# MARKETING OFFICER

**International Bank Italian Clientele European-based** 

OUR CLIENT, a leading international bank is seeking a Marketing Officer for its private banking division, which offers a wide range of personalised banking and investment-related services to a variety of high-quality clients.

Your main responsibility will be to contact potential Italian clients, and to develop and consolidate their business with the bank. Extensive travel will be

This challenging position would suit a young financial professional, with at least 3 years' experience of the banking industry. Fluency in Italian, and a good working knowledge of English, should be complemented by the personal and commercial drive required to become fully operational in a short period of time.

An attractive remuneration package will be available to the right person.

Please write with full career details to Jurgen Möller, Ref: A/R 9575, PA Consulting Group, 3 rue des Graviers, 92521 Neuilly-sur-Seine, Cedex, Paris, France, Tel: (010) 331 4747 11 04.

**D** Consulting

### CORPORATE FINANCE ANALYST

c.£17,500 and other benefits. Financial analyst to expand activities in options trading involving computer analysis of that area required by leading City broker and dealing Company. Reply with CV to Mike Pope, Mike Pope Limited Recruitment Consultants Room 57, 3rd Floor, Warnford

Court,
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# Your Career, Our Expertise

Credit Analysis To £25,000 + Benefits

Are you substitute and do you have strong credit skills? A superb career opportunity is offered by our chent, a major U.S. global investment house who is looking for an analyst to join their corporate finance department. A graduate in your mid-20's, you will have had a first class credit training with a recognised house and be able to provide total back-up to the deal originators right through to completion. A Furthern language usually he residuable. European language would be prefera

Capital Markets c.£30,000 + Benefits

A number of our clients are currently looking for suitable candidates to fill positions within different areas of their capital markets divisions. At one end of the spectrum a major U.K. Bank is looking for an experienced individual who can join their risk management team, confident in both their quantitative analysis skills, their product knowledge – especially derivatives – and with an outgoing personality. At the other can, an American Investment House is looking for a mathafacture graduate experienced in capital markets to join their sales team. A propen work record and confidence in essential to both positions. If you have experience within the Capital Markets field we would like to hear from you.

date. Make this move and be sure of your future success. For details of these and other vacancies please contact Julie Byford or Richard Stark on (81) 583 0073 or (81) 630 1644 (evenings and weekends), or send your CV in complete confidence to: 16-18 New Bridge Street, London ECAV 6AU. Fax (01) 353 3988.

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£23,000 to £50,000 + Benefits

Our clients are on the acquisition trail to find individuals

with varying degrees of relevant experience. At the junior end a top Japanese house aceds a graduate – probably in their mid-20's who has excellent financial analysis skills, a European language (preferably German) and an understanding of Japanese Culture.

On a source scale the candidate who has a superb scademic record, a minimum of three years "hands on" M&A experience and complete fluency in a European language – Spanish or Italian – will be considered for this prestigious European bank. Opportunities abound for people at all levels within the M&A field.

Can you offer excellent knowledge of all products, second-to-none marketing skills and experience in Europe? If you can, you will be interested in our client, a major U.S. player who is looking for someone to market their exciting range of banking and investment products. You will be in your lare 20's, with a strong and confident personality and a credit trained background on which you have built your career to date. Make this reason and he use of two forces process.

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call 01-873 3000

Deirdre McCarthy ext 4177

Elizabeth Arthur ext 3694

Nicholas Baker ext 3351

# Private Client Stockbroking

# A New Vision For The 1990's Major City Player Excellent remuneration packages, "individually tailored"

Our client, a household name, is one of the foremost financial institutions in the country. Already very active in the private client market, it is totally committed to this sector and has recently formulated and agreed an exciting business strategy.

This will involve an imminent multi-million pound investment in high profile advertising in order to capitalise on the company's huge client base, state of the art computer technology and extensive research capabilities. This major marketing initiative will result in a significant increase in funds under management which demands the recruitment of experienced and professional fund managers who adhere to traditional stockbroking values.

Successful candidates will have varying degrees of experience but they will all share the qualities of self-motivation and decisiveness and will also

possess highly developed communication skills. The more senior positions will demand leadership ability as there are opportunities to manage profit centres within the organisation. Those joining at senior level should be able to introduce their own client base to the firm.

 The company's ambitious expansion plans requires people of the highest calibre and, as you would expect, the remuneration will be constructed accordingly. This will consist of a generous salary, together with other valuable benefits.

As you know, there are many companies in this market who are unsure of the way forward. Our client has no doubts whatsoever regarding its own future and is prepared to back this belief with massive resources.

For a strictly confidential discussion please telephone or write to John Field quoting reference 1239.



# DIVISIONAL GROUP COMPLIANCE **OFFICER**

Central London

If you can combine your accountancy expertise with clear communications skills and a thorough knowledge of Financial Services legislation, there's a new role for you at Eagle Star.

As one of the UK's leading composite insurers, we're required to comply with the Financial Services Act to the letter. For that reason we now wish to appoint a Divisional Compliance Officer to provide additional expertise to our rapidly growing business.

Key responsibilities include monitoring and reporting on compliance issues, the preparation of financial returns and the organisation of training seminars relating to regulated activities. A familiarity with trading within the Financial Services sector is necessary, together with an understanding of relevant procedures and administrative practice.

The successful applicant will be a qualified accountant, analytical and methodical, with specific audit experience and have a real flair for presentation at all levels. Also vital will be the ability to work Independently when necessary and to manage effectively both people and resources.

A salary package of around £30,000 is offered, plus all the usual benefits associated with a major Insurance group. Career potential will be extremely good.

For an application form, please telephone
Mr Pat Peggie at Eagle Star, on 01-929 1111 ext. 30700.



# **International Fund Management Assistant**

Laurentian Fund Management is 1-2 years training with a fund part of the worldwide Laurentian management institution, you are Group one of Canada's largest ready for the challenge of increased financial institutions. Our business business scope and autonomy and for involvement spans a wide and diversi- career progression along a clear path. fied range of activities including unit If your record matches these as specialist investment advice.

to the international market and stock Gate, London SW1E 6LB. selection process. This demanding role will require the ability to perform both thorough analysis and the effective execution of recommendations. There may be an element of foreign travel.

You will be a graduate with experience of at least one non-UK market. MANAGEMENT LIMITED Aged probably in your mid-20s, with

trusts, life and pension funds, as well as specialist investment advice. requirements please send your full Curriculum Vitae to:— John Sherriff, You will report to the International Investment Director, Laurentian Fund Investment Manager and contribute Management Limited, 16 Buckingham



LAURENTIAN FUND

# Global Custody

Swiss Bank Corporation is seeking experienced professionals for the following key City

Marketing Manager

To play a leading role in marketing our global custody services to institutional investors, fund managers and banks in the UK and overseas. You should be a graduate, highly self motivated, with a successful track record of marketing financial services and developing profitable relationships in a competitive and fast moving environment.

### **Product Development Manager**

To ensure that our competitive strengths are enhanced through a continuing process of product development. This will involve frequent client contact, as well as liaison and coordination with internal units. You should be a graduate, creative yet practical, with strong analytical skills and the proven ability to deliver results.

# **Customer Service Officer**

To deliver a first-class service through a rapid response to client enquiries and problems. You will have total responsibility for a number of major clients. You should have a thorough knowledge of custody operations. Language skills will be an

Opportunities for career development are excellent. The salary and benefits package will fully reflect the importance of these positions.

Please send full personal, career and salary details to Karen Gwynn, Human Resources, Swiss Bank Corporation, Swiss Bank House, High Timber Street, London



# **ANALYSTS**

CONGLOMERATES **EUROPEAN MARKETS** 

GRADUATES 5 YEARS+ EXPERIENCE

AGED 26+

FROM £30,000-£60,000 MORTGAGE SUBSIDY CAR EXCELLENT PROSPECTS

Regarded as a leading institution in its own right, the UK/international securities arm of my prestigious client seeks, as a result of expansion, a number of outstanding individuals to complement parts of its highly experienced research department.

Responsibilities will include the appraisal of both alpha and beta stock companies entailing in-depth financial analyses, supported by a professional team; as well as equity strategy; location visits; and discussions with senior management, up to and including Main Board level. Naturally, you will also maintain close links with institutional fund managers, equity sales desks and market-making functions.

The Research department employs around 60 people, and covers a diversified portfolio comprising international corporates and major UK public Groups. It functions as part of a major integrated banking group with plans for further substantial, international growth.

Consequently, my client would also be interested in talking to experienced analysts in the following sectors:-

- \* CHEMICALS \* PHARMACEUTICALS \* RETAIL/STORES
- \* BREWING
- \* BANKS
- \* PAPERS/PACKAGING

To apply for one of these excellent opportunities, please call Richard Lucas, Consultant - Banking and Finance Division, who is advising the client, or write briefly enclosing a CV, quoting ref. 5390.



RECRUITMENT SELECTION & ADVERTISING

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43 Eagle Street London WC1R 4APTel: 01-242 8103

# CHARTERHOUSE BANK

# BANKING BENEFTIS - EXCELLENT SALARY

Charterhouse Bank is now a recognised leader in the driven acquisition funding. We also continue to maintain our portfolio of clients in the more traditional areas of corporate banking. Our growing reputation and client-base has led to expansion in all areas of the Bank and we now seek two talented Individuals to complement our credit analysis team.

### FINANCIAL ANALYST

With a good academic background and at least three years benking experience, you should have had some exposure to the analysis of structured and/or leveraged finance deals. You will of course be PC literate and have strong modelling and analytical skills. In return we can offer you the opportunity to develop your credit skills in a dynamic client orientated environment. Opportunities exist to move towards a marketing/business development role.

### 1 12 12 . Y CREDIT ANALYST

You should have at least one year's experience of credit analysis preferably in the UK corporate sector. Again, PC literacy is a prerequisite and strong financial modelling skills are desirable. You will Join a busy team evaluating and managing risk exposure arising from the Bank's cash flow and asset-based lending activity. Opportunities for career progression are excellent.

Excellent salary and banking benefits packages will apply to both these positions, if you are interested, please write with full career and current remuneration details to: Neil Herbert, Personnel Department, Charterhouse Bank, 1 Paternoster Row, St. Paul's, London EC4M 7DH.



Potential Made Possible

ZUMI SECURITIES COMPANY LIMITED

Accounting and information Systems Supervisor
Fluent in English and Japanese
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Systems Supervisor to Join its newly established UK subsidiary, it is
essential for the organization to create and systematize its accounting
and information systems required by both TSA and MOF.
The person appointed will need to communicate in both English and
Japanese, and so be able to effectively Italiae with persons from the
parent company. The salary will be commensurate with experience
and potential and will be enhanced by a range of other benefits.

For e init job description contact Kunio Niehigeki, Peek House, 20 Eastcheap, London, EC3M 1DR

### **STOCKBROKERS** Registered Representatives

You are looking for high earnings, active in private client equity sales, and are a registered representative.

If you are unhappy in your present environment, we would like to talk to you. B. Harshon, UK & Ganarai Securities Pic. 72 Great Eastern St., EC2A 3JL 01 895 1700 Member of TSA & International Stock Exchange.

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# **BROWN SHIPLEY**

We are seeking to recruit the following Traders in our Treasury area.

1) Senior FRA Trader Age 30-40 with at least 5 years experience

2) Futures Trader Age 25-30 with a minimum of 3 years experience

A proven track record within an active trading environment is essential. Salaries are negotiable and will contain significant benefits. Kindly respond with C.V. to:-

The Treasury Director Brown Shipley & Co Ltd., Founders Court, Lothbury, London EC2R 7HE

# LEASING & ASSET FINANCE **BASED EXECUTIVES**

£22,000 - £50,000 Plus Substantial Bonuses

Do you just talk about deals or can you actually close them?

Our client, the leasing subsidiary of a European bank, is new to the UK and is looking for six genuine marketing professionals, to work with the London based General Manager in the following areas:—

- Vendor Finance with or without residual risk
- · Small Ticket Leasing
- Packaging and Advisory work General Asset Based Finance
- includings Back-to-Back, and Local Authority Leasing

Candidates should be ambitious and self-motivated with good credit skills and a proven track record. Each Executive will be expected to play an active role in the formulation of a business plan which identifies future market trends.

Particularly for the more senior positions, candidates will not only need in-depth knowledge and a good client base, but will also possess the management skills and experience necessary to progress and head their respective niches as the company develops.

In addition to a good basic salary and benefits, successful candidates will have every opportunity of earning substantial performance-related and discretionary bonuses of up to 100% of salary.

In the first instance please contact Pamela McAlister on 01-638 1295 or 01-638 4064, or alternatively apply in writing enclosing a full cutricultum vitue.

# **EUROPE'S LEADING INVESTMENT BANK**

### **UK and International Equity Sales**

A highly successful and profitable London based investment banking Group serving institutional clients throughout the world in UK and European equities, is interested in talking to experienced institutional salesmen who have strong client relationships in the UK or Continental Europe.

The Equity Division of this Group has built an excellent reputation for a sales and research service and has now attained a position of strength to maximise its distribution capacity to both UK and European institutional clients.

The financial rewards are amongst the best in the London brokerage market, with competitive base salaries supplemented by substantial bonuses based upon personal performance.

CHEMICALS INDUSTRY

CORPORATE FINANCE

Robert Fleming is a major U.K. based merchant bank with significant activities in

The Group wishes to recruit an additional member to its expanding chemicals group

The successful candidate, probably in his or her late twenties, is likely to have a

within the Corporate Finance Department. This international group is responsible for the

development of corporate finance business within the chemicals industry, develops mer-

ger and acquisition proposals, and undertakes or supports the related corporate finance

degree in chemistry or a related discipline, and several years manufacturing, marketing

or financial experience in the chemicals industry. He or she will have developed a broad

understanding of the international structure and dynamics of the industry. For candidates from non-financial functions, we require evidence of some financial experience

gained possibly through a post-graduate qualification such as an MBA, or experience in

corporate and strategic business planning. Direct experience of acquisitions or disposals

position will require lisison with our offices in the U.S.A., Europe and the Far East, and

Applicants of either sex should write enclosing their C.V to:

Frank Smith ROBERT FLEMING & CO. LIMITED

25 Copthall Avenue, London EC2 7DR.

He or sha needs to be articulate, literate and of a strong personality so as to be able to make a case positively to senior members of the organisation or its clients. The

FLEMINGS

Please contact our advisers WIB through:-

the U.S.A., the Far East and Continental Europe.

would be an advantage, but is not a prerequisite.

could involve overseas travel.

Mary Colvin 35 Hill Street London WIX 7FD

# **INVESTMENT MANAGEMENT**

AMS has been approached to assist in the recruitment of high calibre professionals by a number of International Investment Houses in the

Investment Marketing £20,000-£50,000 + Benefits

Outstanding opportunities have arisen to join a number of Investment Management organisations planning major marketing and sales intiatives, and to make a significant contribution to the development of their Asset Management activity. A tharough understanding of Investment Management techniques, with excellent presentation skills are prime requirements. With the advent of 1992, we would also welcome enquiries from experienced Investment Marketing professionals with strong European experience.

UK Fund Managers

to £45,000 + Benefits

Exceptional individuals are sought by a number of investment Management groups for their expanding UK Equity desks. It is envisaged that the ideal candidates will be highly numerate, possessing an excellent relevant degree. Familiarity with quantitive methods, and perhaps a strong investment research background are desirable. Please contact Barbara Dabek on

(daytime) 01-405 4571 or (evenings after 8.30 pm) 0634 63534. Alternatively forward a comprehensive curriculum vitae to the address below:



Sciences Limited

Applied Management 17 Bedford Row, London WC1R 4EB Tel: 01-405 4571 Fax: 01-242 1411

MANAGEMENT AND RECRUITMENT CONSULTANTS

# 企業金融部門 幹部社員募集

シュローダーは、21カ国に従業員3000人余りを擁する英國の権威ある投資銀行グループです。 当社は企業金融の分野に優れ、1988年には、アドバイザーを務めた英国内 M & A の件気で投 資銀行中第一位、国家的 M & A を扱った件数でも世界の投資銀行中第一位でした。東京では長 年にわたって強力な地位を築いており、最近では、日本の企業や産業界に海外投資への関心が 高まっていることに対応して、企業全融チームを増強しています。

日本での M & A 事業を成功させるために、当社は日本企業と世界各地で関係を構立し発展さ せていくことが重要と考えます。この叙述のために、ロンドンに少人数のチームを作り、英国・ で日本の顕字のためにM&Aのアイデアを展開させ、東京の企業全融チームと緊密に連絡を取 り合っていく必要があります。

当社では、ロンドン・チームを築いていく意欲的な幹部社員を事業しています。英語に堪能で、 ヨーロッパ企業の最務経験があり、公部会計士、弁護士等の資格を持つか、MBA を取得して、 いる20代養半の大卒男女を望みます。

高齢及び各種給付を用意しております。ロンドン、日本のいずれにても、昇進の機会があり

英文による理歴書、職務経歴書を同封の上、Elizabeth Warren, J. Henry Schroder Wagg & Go. Limited, 120 Cheapside, London EC2V 6DS 宛に郵便にて応募下さい。





# Capital Markets—Japan

Baring Brothers is looking to recruit an additional executive to market its capital markets services to clients based in Japan and London and to provide support for the Group's staff in Tokyo.

The successful candidate will be working within a team based in London and can expect opportunities for travel and assignment to Japan.

Applicants should be aged between 25-30 years with some experience of capital markets and Japan. Japanese language capability is preferred

Salary will be negotiable according to age and experience and other benefits include mortgage subsidy, non-contributory pension scheme and BUPA membership.

Replies in confidence enclosing full C.V. to:

Peter Bugge, Director, Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.

### GROUPE FINANCIER INTERNATIONAL

Nous sommes un Groupe Financier International Gestionnaire d'investissements, dont le total du bilan est de US dollars 500 millions. Nous Cherchons un cadre de Haut niveau pour notre fillale trancaise.

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Il sera natamment charge du suivi de nos relations avec nos
partenaires en France, de la recherche et de l'avaluation des projects
d'investessement en France.
Le poste conviendrait idealement a un financier avec d'excellentes
relations eur la place de paris, avant le sens des affaires et du
merche, organise et convaincant.

Merci d'envoyer voirs c.v. pour un premier contact Box A1380, Financial Timez, One Southwark Bridge, LONDON. SE1 SHL

### **Dutch** speaking INVESTMENT **ANALYSTS**

wishing to relocate to Amsterdam

Challenging positions with a well-known bank are now available. Phone: 010 31 20 267835

### **AVIATION BUSINESS** DEVELOPMENT

PRIVATbanken Limited, the leading Danish bank in London, is currently seeking a business development officer to work in its Aviation Department.

PRIVATbanken Limited carries out a broad range of business activities, both internationally and within the UK, and has developed specialised skills in a number of areas, one of which is aviation finance. The bank has been involved in aviation finance for a number of years and the stage has now been reached where a new department is being created to handle this business.

Reporting to the Head of the Aviation Department, your job will be to undertake part of the business development programme within the Aviation Department's business plan. The ideal candidate will have gained several years experience in aircraft finance with a leading international bank. You will have been educated to degree level, will be fluent in English and at least one other European language and will be expected to make a significant contribution to the expansion of the business. Candidates will be considered who do not fully meet these criteria but who have other relevant experience and skills.

An attractive remuneration package is offered commensurate with your experience and skills - . .

Applicants should write with CV to: PRIVATbanken Limited, 107 Cheapside, London EC2V 6DA



PRIVATbanken

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# **BOND TRADING**

**BUND TRADER** 

Major player, well-known internationally, wishes to recruit a professional, with at least 2 years' experience of trading bunds.

### **US TREASURY TRADER**

From £40,000 pa Due to expension, this highly successful international bank seeks US treasury trader, probably now with primary dealer, with at least 3 years' experience of trading T bonds.

## **BOND SALES**

# **BOND SALESPERSON FOR ITALY**

LATE 20s/EARLY 30s Major player, highly successful, wishes to identify an Italian speaking professional who has a significant record of selling a wide range of multi-currency fixed income products to Italian institutions and other Mediterranean countries.

### BOND SALESPERSON FOR FRANCE LATE 20s/EARLY 30s

Well-respected and successful international bank seeks French speaker with good track record of covering the French market, selling a wide range of fixed income products.

Salaries quoted are guide lines only and are negotiable for the right person. stinity is assured with CVs released only by exect with the applicant.

Please telephone in strictest confidence Elisabeth Hayford on 01-371 5040 or write to her at:

LIC BANKING APPOINTMENTS Devoushire House. 146 Bishopgate, EC2M 4JX

**Legal Appointments Appears Every Monday** 

For more information please call Elizabeth Arthur on 01-873 3351

# **ASSISTANT COMPANY SECRETARY**

N.W. London

c.£25,000 + Car

B. Elliott plc is a mechanical and electrical engineering group committed to both organic and acquisitional growth. The group currently has a turnover of over £140 million with an unrelenting commitment to profit and performance. In order to strengthen the Head Office team this new and challenging position has been created which will provide an outstanding opportunity for further career development.

Working alongside the present Group Company Secretary the successful candidate will take charge of a wide range of secretarial duties including insurance, property, litigation and statutory duties. The nature of the job will provide the opportunity to travel to group companies in the U.K.

You will be a qualified ACIS, preferably with an engineering industry background which has been gained in a PLC. The ability to integrate into a successful team, coupled with the desire to succeed, will be a prime factor in securing this exceptional opportunity.

In addition to an attractive salary the benefits offered Include a non-contributory pension scheme, life assurance, private medical insurance and a company car.

Applicants should forward a full C.V. to: D. M. Hughes, Group Personnel Executive

B. Elliott plc, Elliott House, Victoria Road, London NW10 6NY ness en la companya de la companya La companya de la co

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anare,

This leading independent entertainment enterprise has achieved international recognition for its critically sociaimed output. Restructuring now necessitates the appointment of a young qualified financial executive to lead the small finance department through an exciting period of growth and to work closely with the Chairman in the execution of corporate strategy.

For further details contact Pergus Hooley.

### MERCHANT BANKING ASSISTANT CONTROLLER

£25,000-£30,000 +Benefits
Successful growth within this world-leading bank has created an exciting new position for a qualified accountant within its largest subsidiary. Some exposure to the sector, possibly through audit, would be preferred but more important is the ability to manage a large department effectively.

For further details contact Sonia Elliott.

### LEISURE PRODUCTS

PLANNING ANALYST As a key member of the European office of this major US company, your brief will be to assist in the strategic decisionmaking and forward planning process of senior management. A qualified accountant, aged to 30, you should possess first-class computer and communication skills.

For further details contact Lee Acton.

For further details of these and many other vacancies we are currently handling, please contact one of our consultants on 01-831 2323, or fax your CV on 01-404 5773.



# **ACCOUNTANCY COLUMN**

# Delegates find opportunities in EC disunity

THE Fédération des Experts Comptables Européens (FEE) — an organisation representing Europe's professional accounting bodies — held its first annual conference in Brussels last week. It was quite a jamboree, with three days of discussions in umpteen different languages complemented by a golf tournament, a banquet and a concert in a medieval church.

Those eccountants who attended the pow-wow must have come away feeling both cheerful and confused. Confused, because the proceedings contused, because the proceedings were frequently incomprehensible to anyone without fluent command of a host of European languages and an ability to second-guess interpreters with negligible knowledge of accounting terms. Cheerful, because business prospects look bright in the run-up to 1992 and beyond.

One of the talks was entitled: "1992, the professionals and the internal

the professionals and the internal market, myth or reality?" What the gathering did bring home was just how far the profession has to go before it is truly unified in Europe. At the moment, unification is neither myth nor reality, but an ideal, and a distant one at that.

The business opportunity that provoked the cheeriness arises from the

distance between reality and ideal. The greater the differences between countries and the more irreconcilable their financial or business regimes, the more help clients will require as they attempt to act as if there were ed a single market in Europe. The conference showed that the dif-ferences between accountants from

countries within the RC encompass

everything from dress code to philoso-phy, or from the trivial to the possibly

pny, or from the trivial to the possibly insurmountable.

For example, it was noticeable from a look around the hall that accountants from Belgium or the Netherlands wore sports jackets, for which offence they would probably be expelled from the Anglo-Saxon profession.

Sartorial conservatism is one thing, relaxed professional etandards snother. FEE's discussion groups on subjects as various as management

Those with relaxed dress codes worked in the most rigid accounting regimes

accounting and accounting for off-bal-ance-sheet finance - brought together accountants steeped in a tick-and-bash culture with those will-ing to be flexible in the pursuit of new husiness to the point of larity. It seemed that those with the most related dress code worked within the

relaxed dress code worked within the most rigid accounting regimes.

Other differences emerged: a different role for the profession from country to country, a different structure for the profession, vastly different training requirements and status. Different rules on marketing also emerged, as did differences on accounting standards, on the sort of work that accountants can get up to, and on the legal structure of the firm or company in which an accountant or company in which an accountant can practise. Also different expectations of what 1992 has to offer.

It is intended that some of these differences will be ironed out via EC directives. The Fourth and Seventh directives. The Fourth and Seventh Company Law Directives have had and will have their limited effect on company accounts. The Eighth will address the question of who is entitled to carry out a staintory audit. An unnumbered directive, adopted by the Council of Ministers in December 1988, is designed to bring about the recognition of one country's professional qualification throughout the community as a whole.

community as a whole.

Nevertheless, as this column reflected last week, a directive is not necessarily the best mechanism for necessarily the best mechanism for getting anything done in Europe. Much more important is commitment to change, preferably burried along by a strong dose of market forces. Just as the increasing internationalisation of business is driving continental European companies to greater anametes in financial proporting business. openness in financial reporting, business pressure – the pressure of cli-ants' requirements – may drive

ants' requirements — may drive Europe's accounting profession to a degree of unity.

Scrutiny of the delegates' list showed that accountants from the Big Six/Eight chose to boycott the conference in droves. For example, of the the nearly 40 British delegates, only two came from the big firms. Such underenthusiasm is in marked conunder-enthusiasm is in marked contrast to their talk about Europe being the strategic battleground of the future, and their action in scrabbling to form new alliances with local

Their absence at the first FEE con-ference reflects the widening gulf -so well illustrated in the UK -

between accountancy as a profession and accountancy as a business. Ironiand accountancy as a business. Ironi-cally, the real pressure for harmonisa-tion of the profession in the EC may not come from the professional bodies but from those who stayed away from last week's jamboree.

IF ONE OF the factors behind the recent wave of mega-mergers and would-be mergers between the big firms was a sensible desire to consolidate in Europe, that has gone unappreciated by their clients. The message emerged very clearly this week in a survey published by Buckmans, a public relations company.

It showed that a large majority of 427 chief executives and finance directors, running a range of small, medium-sized and fully quoted companies, is deeply sceptical about merger mania. The only faintly encouraging statistic was that half the respondents thought that the range of technical services offered to them would increase.

By contrast, 62 per cent envisage a significant reduction in the level of personal contact with their accountant; 57 per cent are worried about a loss of flexibility in the service provided; 80.5 per cent expect fees to rise. Over half (54 per cent) envisage a lower level of commercial acumen on the part of the staff at a mega-merged

It is important to note that only seven of the companies surveyed retained either KPMG or Ernst & Young, and there was no way of telling how many out of the 144 with the next six firms were with Coopers, Deloitte, Haskins & Sells or Touche Ross, all of which are indulging in

courtroom squabbles over the Deloitte name this week. Some 57 per cent of the respondents retain medium-sized firms, although 68.4 per cent said they would like to use e medium-size firm.

All that suggests that 1989-90 might represent a one-off opportunity for firms to peach a large number of dis-affected clients from their rivals. Most interesting of all will be to see the extent of any realignment of clieots in the wake of the Coopers/Deloitte

A FOOTNOTE. Accountancy firms are usually keen to trumpet the work they do in glamorous areas such as corporate finance.

However, one of this summer's best kept secrets was Arthur Andersen's role as principal financial adviser to Mr Tom Duxbury and his management team over the £629m buy-out of Magnet. The firm's job was to advise the management team on how much to pay, and how to structure the deal to its best advantage.

One wondered why Andersen was

being so uncharacteristically modest. Now we know: on Tuesday, Magnet announced that it would be unable to meet its ambitious growth plans and it now required a financial restructur-ing. Given the disquiet in the City at the time the buy-out was negotiated, it was had enough to be associated with the deal then. Even more so

**ACCOUNTANCY APPOINTMENTS** 

# Group Financial Controller

# Central London

Recent and projected substantial growth within our client's organisation have created the need for a Group Financial Controller. The company has interests in the industrial and property markets and the planned growth, in the main by acquisition, should provide exceptional career

Reporting to the Board, the Group Financial Controller will be responsible for the total financial function of the Group, including supervision of the divisional functions, consolidations and presentations to the main Board and representing the business to financial

To be considered for this position, you will be a

c. £32.500 + car

qualified accountant probably aged 27 to 32 with several years' experience with a major professional firm and may have had line or group responsibility within a sizeable commercial operation.

Key requirements are the ability to appraise information on a commercial basis, to operate as part of the local management teams and to be effective in a "hands-on" environment.

Please send career and personal details quoting reference F/040/A to Carrie Andrews, adviser to our client at Ernst & Young Search and Selection, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

to the west of

PERSONAL PROPERTY (Streiter) Ernst & Young

# TAXATION MANAGERS

# **Financial Services Bristol**

Our client is a leader in the financial services industry, marketing in the UK and overseas high quality products ranging from life assurance to sophisticated investment based

In this environment, effective tax planning is essential, and contributes to the Group's profitability. Working with the senior tax manager you will have responsibility for managing specific tax affairs and have close involvement in planning, and in developing improved systems.

**KPMG** Peat Marwick McLintock

**Executive Selection and Search** 

# Up to £30K + benefits

You will need sound experience as a tax professional, and effective communication skills. If you have knowledge of the industry, so much the better, but a personal training programme is offered.

These appointments offer excellent professional development opportunities in a dynamic financial services sector, and, a comprehensive benefits package which includes generous assistance with relocation. Send full CV quoting ref 186 to Barbara

# **Commercial Director Personal Financial Services Group**

c£45,000 + substantial bonus + car

group of several companies active in the Personal Financial Services sector and is growing rapidly by acquisitions and joint ventures as well as by organic The Commercial Director will be one of a small central

team reporting to the Chief Executive of the Personal Financial Services Group and will predominantly be responsible for high level project-based work to evaluate and implement acquisitions and other business development opportunities. The role will also include the regular production and interpretation of management information plus some systems enhancement.

Candidates are likely to be graduate qualified . accountants or MBA's aged around 30 with in-depth

A transfer of the contract of

Our client is a major division of a well-known, experience of financial modelling in a highly diversified, international pic. The division is itself a commercial environment. Strong analytical and critical thinking abilities allied to first rate communication skills

will be essential personal qualities.

The position offers a competitive, performance-linked remuneration package as well as excellent potential for future promotion to a general management role. Interested applicants should write enclosing C.V. and daytime telephone number, quoting Ref 372, to Nigel Bates, FCA, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG.

Whitehead Rice

This is a high profile role, with exposure at all levels

Candidates, aged up to 32, should be graduate ACA's with a minimum of 2 years' PQE, gained either in

practice or in industry.

Interested applicants should contact

Alan Dickinson ACMA quoting ref: 6982,

at Michael Page Finance,
Bennetts Court, 6 Bennetts Hill,

within the company. Line management career prospects for the right individual are outstanding, both in the UK and in Europe.

MANAGEMENT SELECTION

# Assistant General Manager (Finance and Treasury)

15 Pembroke Road, Clifton, Bristol BS8 3BG Tel. 0272-732291

Scarborough

Scarborough

BUILDING SOCIETY

management is vital.

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Scarborough Building Society is a fast moving, dynamic building society which has become identified as making real progress—and offering stimulating jobs—through innovation, rapid response and ever improving standards of customer care and finance. Assets currently exceed £240 million, following a successful record of asset growth (32% in 88/89).

The Assistant General Manager (Finance and Treasury) will assume full responsibility for all financial aspects of the Society's affairs, including identifying financing opportunities for new products. Reporting to the Chief Executive, you will be a member of the Executive Management Team. This appointment will therefore put you at the heart of the Society's decision making whilst retaining "hands on" responsibility for day-to-day financial management, budgeting and reporting.

Applicants should be qualified accountants, with experience of

the financial services sector. Previous involvement in Treasury

With a highly competitive salary and package which includes a low cost mortgage, non contributory pension and car, this post offers the opportunity to enjoy a stimulating and rewarding career with real prospects of growth into a wider general

management role. Please reply in strict confidence with details of career and salary

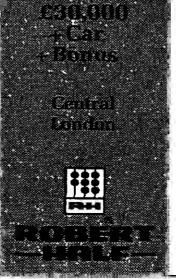
progression, 2ge, education and qualifications to Caroline Dunk, Deloitte Haskins & Sells, Cloth Hall Court, Infirmary Street, Leeds LS1 2HT. Please quote reference 7186/FT

**APPOINTMENTS** WANTED

### **FIRST RATE** BUSINESS ACCOUNTANT

North Bucks based, 34. ACMA/MBA seeka career opportunity as a General Manager/ Commercial Accountant/Director. Background in services and retail lelaure. Salary 30K + car.

Tel: 0296 73344/0836



# JING MANAGER

financial services and property. Already dominating niche markets, development will continue through maximisation of profit in core businesses and acquisitions in target sectors.

An opportunity exists in the planning area at Group head office. Reviewing plans and forecasts for a core division and presenting a strategic overview to senior management, (up to main board level), the role embraces the identification of operational profit opportunities. Controlling 2 members of staff, the job holder will develop and maintain relationships with senior management within operating companies. The role also includes an emphasis on the production and presentation of ad-hoc reports at the request of the Main Board.

Candidates will be young, qualified Accountants with planning/analysis experience gained within e fast-moving environment. Promotion prospects are excellent. Please apply directly to Collette Harrison at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 01-836 3545, or evenings on 01-771 6457. Alternatively, fax your details on 01-836 4942.

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### European Management Audit Up to £30,000 + Car Midlands

A world leader, our client is a £4 billion turnover company engaged in the design, manufacture and supply of capital plant and systems.

Operations in the UK alone employ some 25,000 people and the newly formed UK Headquarters now needs to appoint an Audit Manager to establish a Management Audit function as part of the Group Finance team.

Reporting to the Financial Director, this key position will involve both audit compliance work and significant involvement in problem solving and investigative exercises, in addition to the management and development of a small, high-calibre team:

Birmingham B2 5ST, or telephone on 021-643 6255. Michael Page Finance

International Recruitment Consultants

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# Financial Planning Manager

# c. £32,000 + Quality CarNorthern Home Counties

This is a high technology consumer product company, part of a major multinational, with a UK turnover in excess of £150 million, strong profits and excellent future prospects. This success is based an sustained support for product research and development, investment in advanced production facilities, strong marketing and effective financial

The Financial Planning Manager is primarily concerned with production, sales, marketing, product development and basic research and has a wide rale which extends to preporation of functional financial plans, budgets and forecasts; manitoring and reporting financial results and trends including recommending apprapriate action; and assisting line management with the financial management of the company. The position reported

Applicants should be graduate accountants with a minimum of 5 years post qualification experience at a supervisory level in a major arganisation aperating computer based financial systems. The flair to cammunicate effectively with senior management and to relate to the whole business is a key job requirement. This vacancy has arisen due to the promotion of the current incumbent and prospects will extend to the European parent where British financial expertise is highly regarded.

Please apply in confidence quoting ref. L 427 to:

Brian H Mason Mason & Nurse Associates 1 Lancaster Place, Strand London WC2E 7EB Tel;01 240 7805

Mason & Nurse Selection & Search

# AUDIT CONTROLLER

Leeds

to £40.000 + benefits + car

Asda Stores is in the process of integrating 61 superstores recently acquired from the Gateway Corporation. This will establish Asda as the leading superstore operator in the UK. With annual revenues now approaching £A billion, Asda becomes the third largest UK food retailer. In response to these increasing demands, the company is implementing structural changes at the Leeds headquarters which have created the need for an Audit Controller who will take over responsibility for operational and financial audit, inventory control and security throughout the organisation.

Your main priority in this important and complex position will be to manage your. team of over 100 staff in order to make a significant contribution towards business efficiency and profitability. You will be involved in the planning and implementation of major new initiatives throughout the company and will work closely with directors and other controllers. Reporting to a divisional director, your own work and that of your teams, will impact on virtually all aspects of the

To succeed in this fast-moving environment you will be a graduate in a financial discipline, qualified accountant or MBA, who is technically strong and highly communicative. Experience within a professional audit operation would be an advantage. However, the main essentials are a shrewd understanding of the importance of tight controls within a business and the personal drive and leadership skills to put them into practice. With success in this role behind you, you will be able to take advantage of the very attractive prospects which the group

Please apply to Lawrence Barnett or Jackie Hardisty at our Leeds office. Ref. No.1.D195.

Quebec House, Quebec Street Leeds LS1 2HA 7at: 0532-446611

ASB RECRUITMENT LTD AT

# **EXCITING** CAREER OPPORTUNITIES FOR INSOLVENCY MANAGERS

### London and Provincial Offices

The Corporate Special Services department of Touche Ross has consistently demonstrated high sustained growth. A recent league table in Accountancy Age showed Touche Ross as having 40% growth in insolvency services in 1988/89, the highest of any big eight firm, with our nearest rival having only 29% growth.

Partners and staff have been active on high quality insolvency appointments such as Anglo American Agriculture Plc, British Air Ferries Plc, Bentleys of Piccadilly Plc, Homes Assured, Sound Diffusion Plc, Super Channel, Tradewind Airways, Tudor Crange Holdings group and many others.

The list of companies we have investigated and reported on to Banks and other city institutions is equally impressive. We cannot mention names of course but the work undertaken has been technically demanding, involving loans of between £2 million and £80 million.

To maintain this momentum of growth we now need to recruit first class managers and assistant managers. They will be qualified accountants with appropriate insolvency experience, probably gained with one of the hig firms but most importantly they will be able to demonstrate self motivation and a will to succeed.

If you are in this category then this is your opportunity to develop your career in a well established and highly successful department with real prospects for partnership.

The remuneration package will be competitive and reflect the high calibre of the people we are seeking.

For further details on opportunities either in London or other offices, please telephone Bernadette Breen, Personnel Manager, on 01-405 8799. Alternatively, you may send her your curriculum vitae at the address below:

# louche Ross

55/57 High Holborn, London WCIV 6DX.

# **Appointments** Advertising

For further information

call 01-873 3000

> Deirdre McCarthy ext 4177

**Nicholas** Baker ext 3351

Elizabeth Arthur ext 3694

**FINANCIAL TIMES** 



# GROUP ACCOUNTANT RETAIL

### West End

Our client, the leading specialist multiple retailer inlits sector with a group turnover in excess of £650 million, is now underpinning its sustained success with a period of consolidation and reorganisation. The central accounts function will become increasingly prominent and will aid the Group in further increasing its already substantial and rapidly expanding market share through the provision of high quality management information.

A qualified accountant is therefore sought to join the Group accounting team at Head Office. The job is seen as a vital link in the flow of timely, quality information to main board level and will include: group/board level management information, quality

# c.£28,000 plus f/e car

review of reporting, budgeting and

A flexible approach will be expected of individuals since the Group's acquisitive and entrepreneurial style will result in a varied and challenging workload. The role therefore affords recently qualified accountants the opportunity to become acquainted with the whole range of management accounting issues. The successful applicant would be a self-starter, able to act on his/her own initiative and capable of communicating with colleagues at all levels. Computer literacy is essential.

Please write in confidence, quoting reference R5061/2, to Hilary Douglas.

# **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 70 Fleet Street, London EC4Y 1EU



# GROUP FINANCE DIRECTOR

# London

To prepare a profitable market-leader for full listing.

c.£45k & Management Bonus & Car & Share options.

Our client, a highly successful private manufacturing group and a £30 million leader in its field, offers a commercially assure finance professional the rare and stimulating challenge of steering a profitable organisation to full listing status.

They seek to appoint a Group Finance Director — a new position — to report to and work closely with the Executive Chairman. The Finance Director will be called upon to develop and maintain relationships within the City, manage all corporate finance and capital structure requirements, acquisition evaluation and negotiations, tax, treasury and financial control and provide effective management information systems throughout the group. Your objective will also be to achieve a full listing for the group within the next

The need is for a dynamic and resourceful individual who will bring further financial skills to a young and energetic management team. Qualified – probably Chartered – and aged in your mid-thirties, you will already have a successful track record and will have demonstrated your imagination, enthusiasm and the ability to drive ideas through to fruition in rapidly changing conditions. Well developed management and communication skills are essential.

Salary will be c.£45,000 plus comprehensive benefits including management bonus, executive share option scheme, fully expensed executive car, private health insurance and ension scheme.

To indicate your interest in this exciting business opportunity, in the first instance please send full career details: to Steve Gardner, quoting reference 5286 at Stafford Long & Partners Recruitment Ltd., 17-19 Foley Street, London W1P 7LH, or

telephone him on 01-436 7671.



# Jonathan Wren Executive.

# **FINANCIAL CONTROLLER QUALIFIED ACCOUNTANT** c£40,000 + Banking Benefits

An international bank is seeking a UK qualified accountant for its London Branch. Responsibilities will embrace M.I.S. statutory accounting plus financial/ credit control participation. The successful applicant will be fully conversant with bank accounting and the ability to optimise/improve upon existing systems. This is an unusual opportunity to be a very important member of a small professional team.

Please contact Ron Bradley on 01-623 1266.

No. 1 New Street, (off Bishopsgate), London EC2M 4T1 Telephone: 01-623 1266 Fax: 01-626 5258

### FINANCIAL CONTROLLER SCOTLAND

C \$25,000 + Profit Share + Full Relocation

Our client, an autonomous subsidiary backed by the resources of one of the UK's leading service companies, has exciting plans for rapid and profitable growth. As a key member of the executive team you will provide an overview of all financial matters on site and their impact on profitability. You will also manage and develop the financial management information systems with responsibilities ranging from short term operational efficiency to long term planning. To succeed in this competitive environment candidates must be qualified, highly motivated with strong interpersonal skills and have the ability to motivate and manage people in this growing and demanding business.

Contact: Raymond Chingan, Manager Accountancy Executive Appointments 81 St Vincent Street, Glasgow G2 STP Tei: 041-332 2484

Evenings or Weekends 041-889 5150



# **SEMOR AUDIT POSITIONS** ON THE SOUTH COAST

Abbey Life is one of the UK's leading life assurance companies with a reputation for innovation in a rapidly changing industry. For our Bournemouth Head Office we now seek two graduate accountants who must be able to demonstrate high quality audit experience. Internal audit is a high profile function offering an excellent entry point for future career progression.

# **AUDIT MANAGER**

c£30,000 plus car and benefits Promotion has created this outstanding chance to lead an

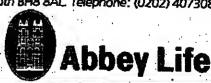
experienced audit team. Responsibilities include the audit of systems under development and operational audits in a highly computerised environment, also with some European exposure.

### SENIOR INTERNAL AUDITOR

c£25,000 plus benefits

A vacancy also exists for a senior auditor to join one of the audit teams and we would consider applications from recently qualified accountants.

Salaries are negotiable for both these positions and benefits include mortgage subsidy, non-contributory pension, health cover, and a generous relocation package where applicable. These are outstanding opportunities for ambitious accountants keen to progress their career with a leading force in financial services. For more information send your detailed C.V. or telephone Alan Richards, Senior Personnel Officer, Abbey Life Assurance Company Limited, 80 Holdenhurst Road, Bournemouth BHS SAL Telephone: (0202) 407308.



APPOINTMENTS WANTED

### AVAILABLE MANAGEMENT ACCOUNTANT

Having recently completed a long term assignment with a blue chip company seeks new short/long term assignments. Rates negotiable.

Write Box A1381, Financial Times, One Southwark Bridge, LONDON. SE1 SHL

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# Ionathan Wren Executive

# **GLOBAL FINANCIAL MARKETS...** to £40,000 + Banking Benefits

As financial conglomerates compete for supremacy in expanding global markets; as equities and bonds are traded instantaneously on screens and money flows around the world faster than ever before, it is essential that participants in these markets have effective financial controls in place.

On behalf of a number of leading international players, we are currently seeking professional accountants with proven expertise in accounting practice, tax and legal matters, capital adequacy and risk management.

These opportunities offer excellent remuneration packages, guaranteed career advancement and high profile roles within leading international investment banks.

Please contact Ann Winder on 01-623 1266.

No. 1 New Street, (off Bishopsgate), London EC2M 4TP Telephone: 01-623 1266 Fax: 01-626 5258

# DIRECTOR OF FINANCE

Key Role - Major change environment c £50,000 + benefits

London

We seek an individual of rare quality to play a major part in the management team of a substantial service organisation.

The position includes responsibility for a department of some 130 staff, including those in subsidiary operations. The appointee will be heavily involved in implementing major change strategy, particularly in financial systems and reporting, and in information technology.

Applications are invited from qualified accountants, probably aged 35-45, with substantial experience of running a large finance function in industry or commerce or who can demonstrate significant achievements in a "Big 8" accounting firm and evidence of managerial ability.

You must be technically outstanding, capable of dealing with a wide range of issues and management at senior levels, and have a track record of setting and achieving strategic objectives.

In addition you will be resilient and determined with the energy and desire to succeed in effecting change within a large and complex structure. The remuneration package will be based on experience and ability and will not be a limiting factor.

Please forward a detailed resumé including remuneration and daytime telephone number quoting Reference No. 10/667, to Jonathan Williams at Morgan & Banks Search and Selection Plc, 114 St. Martin's Lane, London WC2N 4AZ. Alternatively contact him on 01-240 1040 to arrange an initial meeting.

Morgan & Banks

Our client is one of the UK's leading wholesale cash and carry operations. The Company achieved sales in excess of £1 billion in 1988 and is looking to achieve further substantial growth.

Plans to significantly increase the already impressiva growth rate, together with an increased commitment to accounting resources, has lead to the creation of two new senior positions within

# Assistant **Director of Finance** Planning & Analysis c.£31,000 tax free Saudi Arabia

GAMA Services Company, the leading Sandi Arabian Hospital Management Organisation, is seeking to strengthen its consultancy team attached to the prestigious Riyadh Al-Khari Military Hospital Programme. This major hospital project, comprising 2 main hospitale and a series of clinics, is funded directly by the Ministry of Defence and Aviation. The challenge of working in a stimulating, multinational environment and operating effectively within very tight and clearly defined budgets and procedures is indeed enormous.

Responsible to the Director of Finance for the preparation of annual budgets and forecasts, reports on hospital operating costs and variance analysis. The successful candidate should be professionally

lified with 7 years' experience, including financial pl The salary quoted includes bonus and is calculated at SR6- £1. The nackage, including married status, is clearly worth far in

For further information on these outstanding opportunities, please write enclosing full career details to: Karen Beardsell at GAMA International, 5th Flnor, Woodchester House, 2 Selsdon Way, Isle of Dogs, London E14 9GL, Tel: 01-537 3733 or Roma Wiggins. Suite 4-7, 41-43 Westmorland Road, Newcastle-Upon-Tyne NE1 4KH. Tel: 091-261 2493.





# the finance function. Systems Accounting Manager

WASHINGTON

to£35,000+car+benefits

In this highly visible developmental role you will report to the Financial Director. Your brief will encompass the co-ordination end implementation of a major branch accounting and systems review which will include the assessment of Information systems; the development of procedures to monitor and maintain systems control; and assistance in the development of a sophisticated Management Information

You will be a qualified accountant, in your early thirties, with strong systems skills. Experience in the wholesale/retail sector would be an advantage. You will possess excellent communication skills with a persuasiva but diplomatic style. **Project** Accountant

to£30.000+car+benefits

As Project Accountant you will report to the Financial Director and will be responsible for establishing the control of major capital development projects. Your brief will also encompass reviewing and reporting on key management statistics; assisting with the development, preparation and review of business plans; and identifying methods for improving the efficiency of principal operations, together with a variety of other ad hoc assignments. Travel throughout the UK is anvisaged.

This challenging rola requires a recently qualified accountant of the highest calibre, You will possess considerable enthusiasm and energy and the ability to progress rapidly within the organisation. Ref. 1603.

BINDER

Benefits include BUPA, an excellent pension scheme, a share participation scheme and relocation, if required. If you are interested in either of these positions, please reply in confidence, giving concise career

and salary details, and a daytima telephone number, to Richard Holland at the address below. Please quote the relevant reference number. You can telephone for an informal discussion on HAMLYN 01-583 3303 or 01-677 3603 (evenings).

BDO Binder Hamlyn Management Consultants 8 St. Bride Street, London EC4A 4DA

# Manager-Internal Audit

with emphasis as much on profitability as control

City

This highly successful, profitable Triple A rated European Bank has seen tremendous growth and diversification in recent years. The time is now right to set up an internal audit function which will concentrate effort on ensuring efficiency and profitability as well as

the more orthodox audit work. We are looking for a Manager to take a key role in establishing the department; professional skills are taken as read—of paramount importance are the personal qualities

required to establish close and effective relationships with senior management.

Ideal candidates, probably late twenties/mid thirties, are likely to be Chartered Accountants with a demonstrably at least £30,000 + substantial Banking benefits

successful track record in either a large professional firm or within the Banking industry. Tact and diplomacy feature high in our requirements but, crucially, candidates should have the initiative to take advantage

of substantial autonomy.
This is undoubtedly a superb career opportunity and the salary package will be made flexible enough to attract the best.
Please send full career details quoting

reference A2350 to Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X1FF or alternatively telephone 01-287 7007 during the working day or 0444-73216 in the evenings.

necessitating good communication and presentation skills. Further, the position demands a positive approach and strong man-management expertise in leading and directing the administrative and finance departments, comprising some 25 staff. Considerable autonomy will

Candidates should be qualified accountants, and experience of working at partnership level within a professional firm, would be a distinct advantage.

Fiona McMillan, Ref: 3817/FM/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

Please send career details, indicating current salary, to

be afforded to the appointee.

Codd-Johnson-Harris

OUR CLIENT is a prestigious, expanding firm with a wide

As Partnership Secretary, reporting to the Managing Partner, you will have a challenging role—actively contributing to the growth of the practice by reviewing

strategic options, planning and controlling all financial

activities, and managing the complete administrative

The ability to provide significant input regarding the direction of the practice at partners' meetings is essential,

**Lendon solicitors** not less than £60,000

range of corporate and private clients.

# FINANCIAL CONTROLLER -**OPERATIONS**

International asset management City to £35,000 + car, banking benefits and bonus

A challenging new role with scope for job and career growth in a sound and successful

Our client is a substantial fund management business active in fixed interest and equity markets and with a reputation for professional excellence. Using advanced information systems and a flexible approach to organisation to meet changing business needs the company plans for further growth. In reviewing its operations the new role of Financial Controller -

Operations has been identified. The primary responsibilities of the functions will be to establish and maintain a strong system of controls and reconciliations within the operations area to ensure the integrity of the group's financial data. A close working

relationship with the group's finance

department is envisaged.

We are looking for professionally qualified candidates, probably ACA or ACCA, who have a clear understanding of UK and international settlements procedures and regulatory requirements. You must demonstrate competence in staff management as our client is very aware that its staff are its key asset. A practical enthusiastic approach to work and a

willingness to adapt to changing business needs are essential. If you want to take on this challenge, join a successful and ambitious team and share in

their success, please write to me, Chris

full career details.

Bennett, quoting reference U3085 enclosing

# **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 70 Fleet Street, London EC4Y 1EU

# PARTNERSHIP SECRETARY

**Assistant** Corporate Tax Manager

**BRITISH AIRWAYS** 

Heathrow

An excellent opportunity has arisen for a corporate tax specialist to join the taxation function of this major international company. Working with the Corporate Tax Manager, the successful applicant will handle an interesting and varied range of work. This will include exposure to both UK and International Compliance and Planning matters, as well as specific one off projects. This role offers a young, ambitious qualified accountant with two years' corporate tax experience the chance to gain valuable commercial exposure.

Candidates should possess strong interperson skills and be able to act with initiative and asm with minimal supervision.

£Highly neg + excellent bens

The company has an excellent reputation as an employer and offers an attractive benefits package which includes a performance bonus, profit share and holiday travel

For further information regarding this exceptional opportunity, contact Grabam King on 01-831 2000 (evenings/weekends on 01-556 6920) or write to him at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

In the first instance, interested parties will receive a detailed job description and company

Michael Page Taxation

PA Consulting Group

# Financial Controller

£40,000 + Car + Bonus +

**Banking Benefits** 

Our client is a fast-growing UK merchant and investment banking organisation providing a range of banking and often financial services to customers internationally with offices in London, Europe and North

Reporting to the Financial Director and leading a team of Managers, you will be responsible for the financial and management accounting of the company together with the facilities and operation functions. In addition, the job holder will contribute to the further development of highly sophisticated computer systems.

Candidates must be chartered accountants with good interpersonal and management skills preferably gained within the financial services sector.

Commitment and enthusiasm are essential with an ability to be an active member of the company's professional management team.

The attractive remuneration package includes a bonus and usual banking benefits and the position is based in the City.

Please telephone or write enclosing a full curriculum vitae quoting ref. Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE

FINANCIAL SELECTION AND SEARCH

# Success is being in the right place at the right time

### MAIDSTONE

If you are a dedicated professional and keen to take responsibility, the right opportunities exist in Coopers & Lybrand, one of the UK's leading firms of Accountants and Management Consultants.

The right place is Moldstone, our fastestexpanding regional office, where a team of 80 offers a complete range of services to the broadest range of clients. The right time is now, as the South East prepares to meet the challenges of 1992.

This unique combination of factors offers you a high-profile role, wide management involvement in a triendly office, and excellent career prospects.

Business Services Manager Working with a Senior Manager and the Partners, you will be responsible for building

# COMPETITIVE SALARY + CAR + BENEFITS

Clients will rety on your advice concerning matters arising from audit and/or business

Your background would ideally be Public Practice/ACA in one of the 'big 8, or perhaps' on all-rounder from a medium-sized firm.

With your own portfolio and a role every bit as demanding as the one described above, you will need to be ACA qualified with a background

Both positions require ambilion, initiative and self-confidence, backed by at least 3 years' post-qualification experience, a good academic record, and proven management

International

FINANCIAL

**Equities** 

ond servicing your own portfolio of clients, as well as contributing to the practice as a whole. Clients will rely on your advice concerning relocation assistance where appropriate, you would expect from an organisation that invests in and trains only the highest-calibre individuals. Please apply with full CV, quoting the

appropriate reference, to Hilary Openshaw at Coopers & Lybrand, Plumtree Court, London EC4A 4HT. Tel: 01-583 5000.



A subsidiary of one of the world's premier banking

groups, our client is one of the City of London's leading financial institutions. Providing a full range of

investment banking services, the company is highly

In a high profile and key position, the Controller will be the focal point for all financial matters relating to

the company's Equities Division. Working closely with

and providing support to all areas of the business, he

or she will review, analyse and present essential information. Part of a well regarded and professional

team, the Controller will be expected to make a

significant contribution to the development of the

In their early 30s, applicants for this demanding role should be graduate accountants with impressive

career records. Practical experience of equity

products and their derivatives would be a distinct

advantage but the company will consider clearly

outstanding candidates from the accounting

Please write, enclosing a career/salary history and

daytime telephone number, to David Hogg FCA

profession, management consultancy or commerce.

Division and its continuing success.

quoting reference H/875/F.

regarded and is committed to further development.

\_vbrand

# TERNATIONAL AUDIT

• A cut above the rest •

### West London

The Gillette Company occupies a pre-eminent position in the consumer products market and, with a turnover in excess of \$3.5 billion, is a major international force in the sale of blades and razors, toiletries and writing instruments.

The Company's International Operational Review teams' primary objectives are to identify opportunities to improve profitability and to play a key role in the Company's continued success, An opportunity has arisen for an Internal Audit Manager, based at European HQ in West London, to take charge of such a team, whose geographical responsibility encompasses Europe, Africa and the Middle

# Highly attractive package

East. This will involve gaining exposure to a variety of operational audit work within both marketing and manufacturing

at least five years' relevant experience. In-depth familiarity with computer systems and a readiness to undertake frequent overseas assignments are essential. Above all, candidates must demonstrate a confident, assertive and independent personality, combined with first class interpersonal skills.

# environments throughout the region.

The role requires a qualified accountant with

Please write in confidence enclosing full career details, quoting reference, G4545 to

to £35,000+Bonus+Car

Candidates should be qualified accountants, aged 30-35 with a

strong commercial orientation in addition to sound technical

accounting and systems skills. An assertive nature and a

willingness to take responsibility are pre-requisites, as are good

comprehensive C.V. with daytime telephone number, quoting

Whitehead Rice

Ref. 376 to Barry Ollier, BA, ACA, Whitehead Rice Ltd.,

their profitable expansion and development.

communication and management skills.

43 Welbeck Street, London WIM 7PG.

interested candidates should write enclosing a



Group are excellent.

# **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 

70 Fleet Street, London EC4Y 1EU

**Two Finance Directors** 

# the state of the s Financial Controller

c£45,000 + significant benefits

## Greater Manchester

£26,000 + Car

Our client is a long established public company operating in diverse domestic markets. They are corrently embarking on a major expansion programme and seek to recruit a Financial Controller for a newly acquired £4 million turnover manufacturing subsidiary. A recent factory extension and the utilisation of sophisticated CAD techniques demonstrates the company's commitment to future

Reporting to the Managing Director, you will assume full responsibility for finance and administration, with emphasis on the further development of management information systems. Key areas will be to introduce strict financial control in production and stock, as well as in debt collection. As a member of the executive

team, you will be required to work closely with the MD, deputising for him in his absence, with direct

involvement in the areas of business development and strategic planning. Candidates, aged 27-32, will be qualified Accountants who can demonstrate a track record of achievement to date, gained in a manufacturing environment. Strong interpersonal skills and a hands-on approach will be necessary to make an important contribution to the future success of the company.

Interested applicants should forward their Curriculum Vitae, quoting ref. 4491, to Mark Hurley BSc, ACMA at Michael Page Pinance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# MANAGEMENT SELECTION

Lincolnshire/Somerset

Our client is a successful, expanding UK plc with turnover

approaching £700 million and substantial interests in trading

and distribution. The Group attributes much of its success to

the strength of its operational financial management which is

dearly focussed towards total business involvement.

Consequently the career development prospects within the

Following recent acquisitions and reorganisations, Finance

Directors are sought by two subsidiary companies within a

major trading Division. With current turnovers of £10-20 million.

these merchanting companies operate in distinct and separate

markets. Working closely with the Managing Directors, each

Finance Director will take overall responsibility for finance,

systems and administration and be closely involved in the commercial dynamics of the respective businesses to ensure

# **Excellent Opportunity for Nigerian National** FINANCE DIRECTOR - DESIGNATE

**Excellent Remuneration Package** 

Our client is a major international group involved in the production of branded, fast moving consumer goods.

The Company now wishes to appoint a Finance Director Designate for their multi-site Nigerian operations, which have a turnover in excess of N.500 million. It is anticipated that after an initial training period in London, the individual will transfer to lagos and assume full Pinance Director status within a period of 18 months.

To be suitable for this role you will: Be aged 35-45

- Be a graduate, with an accounting
- malification
- Possess a strong affinity to systems
- · Have ideally worked within a manufacturing environment
- Have gained previous people management experience
- Possess strong inter-personal skills.

in return the company is prepared to offer an excellent remnneration package, which would include a highly competitive salary, free housing, company car and relocation

Individuals interested in this position should, in the first instance, write to Peter Flammiger, Director at FMS, 14 Cork Street, London W1X 1PE, enclosing a recent resumé and a note of their current salary.

Search and Selection Specialists Financial Management

# DIRECTOR OF FINANCE

Sheffield City Polytechnic is the second largest Polytechnic in the UK with 2,300 staff, 10,000 students and a current annual expenditure level of £40m. Since April we have been operating as an independent Higher Education Corporation and continued growth is a key element of our strategic plan.

We are now seeking a Director of Finance to head up the Finance and Information Technology functions. Reporting to the Principal and as a member of a small, highly motivated executive team committed to driving forward the success of the Polytechnic, the person appointed will provide a strong strategic Financial and IT lead for the continued development of the Polytechnic. This will include accountability for financial systems development. enhancement of FMIS, critical review of financial performance, and capital expenditure appraisal and monitoring. Candidates should be qualified accountants with sound financial management, strategic planning and

Please apply in writing giving personal and career details with salary history or phone for an application form to Tom Webster, Head of Personnel, Sheffield City Polytechnic, Pond Street, Sheffield S1 2BB, tel. (0742) 720911, ext. 2374. The second secon

IT management experience.



We are an equal opportunities employer.

# Young Financial Controller **International Career**

Berkshire

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c£28,000 + Car

Our client is the European subsidiary of a major US multinational. The Group is a diversified producer and marketer of packaged foods, non-food consumer products, and packaging and industrial products. With turnover in excess of \$8 billion the Group holds number one or number two market positions in all six of its strategic growth areas.

Due to internal promotion they now seek to rectuit a Financial Controller. As part of a small head office test you will be responsible for the total reporting function of this multisite operation. Specifically you will be responsible for the provision of timely gement information, budgeting

The ideal candidate will be a graduate chartered accountant, aged 25-30 with two years' post qualification experience. Well developed ication skills, a strong personal pre-

Interested applicants should write enclos michael Page Finance, I Brocas Street Eton, Berks SL4 6BW quoting ref. TV2207.

Michael Page Finance

# **GROUP FINANCIAL** CONTROLLER

(Director designate)

Gloucestershire

Our client is a highly profitable multi-site subsidiary Group of a dynamic and rapidly expanding UK Plc whose turnover excee £300m p.a. A policy of strategic acquisition coupled with significant capital investment in existing operations has resulted in an impressive growth rate for the subsidiary.

The appointment of a Financial Controller is now sought to assist the subsidiary Group Managing Director with the financial management of the business.

Candidates aged 30-40 years should be qualified accountants, preferably with a degree who can demonstrate sound industrial experience, ideally gained in a manufacturing environment. In addition to technical ability, well developed interpersonal skills and commercial acumen are pre-requisites.

c.£35,000 + car

The successful candidate will have a sharp focus on profit performance and will be responsible for introducing common accounting systems, and the production of monthly management information. The post requires a practical 'hands on' approach and a need to act on personal initiative. This is regarded as a key position within the senior management team and as such a significant contribution to the broader aspects of the business is expected. The prospect of an early board appointment exists for the right person. The remuneration package comprises a competitive basic salary, plus performance related bonus and a fully expensed company car, Relocation assistance is available where appropriate. For further information please telephone Helen Conibear on 0222 462463 or send your CV to her at the address shown below,

# Peat Marwick McLintock

Executive Science -----Mariborough House, Fitzalan Churt, Fitzalan Road, Cartiff CF2 1TE

# **MEIJBURG & CO. Tax Lawyers**

MEIJBURG & CO., a long established and well-respected firm of tax advisors, a member firm of KPMG, is acctively seeking a U.S. Tax Manager or Senior

Candidates should be qualified to practice before the I.R.S. and must have sound U.S. individual and preferably also corporate technical tax experience. Knowledge

of one or more European tax systems would be an advantage. Salary package is negotiable depending on experience, but will include a company car. Assistance with relocation will be provided if necessary.

Letters of application and C.V.'s should be received by November 15, 1989 and should be addressed to:

Mrs. P.M.R. Robertson, Senior Manager, Meijburg & Co., P.O. Box 70123, 1007 KC AMSTERDAM, The Netherlands.

# **Corporate Financial Director**

Manchester

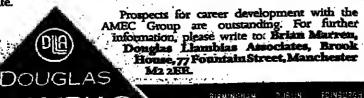
£ neg. + car + bonus

AMEC plc is a vigorous and highly successful construction, engineering and development Group with extensive world-wide interests. The Group's strategy of having a broad and balanced range of activities has allowed for strong and sustained growth, both organically and through acquisition, and future prospects are excellent.

Our client is AMEC Projects Limited, a market leader in the project management sector. The company is currently dealing with a number of prestigious projects throughout the UK, and has ambitious plans for both domestic and

The Corporate Financial Director, working closely with the Managing Director, will play an important role in the achievement of corporate objectives, assuming specific responsibility for the finance function and providing a commercial control of the commercial control of the commercial control of the commercial control of the control cial input to the decision making process.

You should be a qualified Accountant, aged mid to late 30's. Experience of the construction industry would be an advantage, possibly in an international context. Your background to date should indicate continued career development and sound technical skills, although well developed interpersonal and man management abilities are equally important. The company offers a very attractive salary and benefits package, together with generous relocation assistance where appropriate.



# Commercial **Regional Controller**

Maidenhead

As part of an international company employing 20,000 people and operating in over 70 countries, our client has established itself as the UK market leader in its dynamic

Reporting to the Financial Controller and with the support of a department of 5, you will be responsible for the total commercial activity of the division's £25 million major accounts business. This wide ranging and commercially responsible role will require a powerful blend of technical and commercial skills resulting in the provision of a high quality, professional service to operating rs and household name clients.

In the age range of 28-35, you will be a qualified

£26-29,000 + Car + Benefits

accountant with exceptional commercial and interpersonal skills together with the desire to work in a high exposure, orientated environment. Whereas specific sector experience is not essential, exposure to a blue chip environment would be an obvious advantage

The salary range indicated above reflects the importance of the role and will not prove a limiting factor for exceptional

Applicants who believe they can match our client's demands should submit their curriculum vitae to Paul Boardman ACMA at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW, quoting ref. 4104.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birming

# CITY TREASURER

Package Circa £62,000

Bernard Farrar, our present City Treasurer, will be retiring early in 1990 and we are now looking for his successor.

Rirmincham has established itself as one of the most progressive cities in the European community through the foresight and achievements of the City Council. We've always been regarded as a progressive authority, due to our pioneering development work and policies that aim to provide a first-class service to our one million citizens. To do this we have 51,000 employees and an annual budget of over £1 billion. Our capital and revenue financing has been crucial to our success and will remain so. This is the context within which we are now looking for a new City Treasurer.

You would have a vital role to play, under the leadership of the Chief Executive, in delivering a comprehensive financial service to support the City Council's developing strategies in the short and medium term. This includes the major changes in management structure which are taking place in the authority in order to give both greater freedom and accountability to service managers.

You will need to be a very senior manager involved in financial planning and strategy in a large, multi-disciplinary organisation.

In return you can expect a renewable fixed term contract, negotiable but likely to be around 5 years, enhanced by attractive benefits that include a generous relocation allowance, accommodation allowances and a subsidised car.

For further information and application form please contact Denise Cutting or John Slatford, Directorate of Management and

Personnel, Birmingham City Council, Snow Hill House, Barwick Street, Birmingham B3 2PE Tel: 021-235 4238 or 2915, or Fax 021-233 1866.

Closing date: 10th November 1989.

# **Commercial Director**

**Central London** 

**£45,000** + Car + Benefits

Our client, a successful international creative services company, itself a subsidiary of a larger group, has a strong reputation for quality and innovation. Under new management, the company identifies significant development potential both in the UK and abroad. As a consequence, a Commercial Director is now sought to provide the commercial focus and financial management for all the company's operations during this time of major change. Areas of responsibility will include finance, commercial operations, personnel and administration; in addition, you will effectively deputise for the Managing Director. This role will provide a considerable challenge in this fast moving and forward thinking business.

You should be an ambitious qualified accountant, aged 30-40, with a strong commercial awareness, and a track record of success within a people-oriented business. You could well have moved out of a purely financial role already, and be looking towards general management as a career objective. Interested applicants should write enclosing a CV and daytime telephone number, quoting Ref 374 to Barry Ollier BA, ACA, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8736.



MANAGEMENT SELECTION

# FINANCIAL CONTROLLER

With Commercial Flair

**West End** 

Onr elient, part of an international group, operating within the direct marketing/publishing sector has experienced significant growth since its inception two years ago. To help ensure this continued success, they want to appoint a Financial Controller to enhance and manage the finance function.

Reporting directly to the Managing Director, and with total responsibility for all statutory and management reporting, you will be expected to take an active rola in the development of the company. This will involve considerable interpretation of the figures in addition to the management of their computation to maximise the performance of the company.

To take advantage of this challenge, you should be an ACA or ACCA

£35,000 + Car

with at least three years post qualification experience. This should have been gained in a commercial environment where your actions have had a direct effect on the performance of the business. However, of paramount importance is your ability to be innovative and flexible within a small but dynamic organisation. With a hands-on approach to management and good interpersonal skills, this is an excellent opportunity to get involved with the commercial aspects of finance.

If writing your own job description appeals to you, please send your CV to our advising consultant, Fiona Davidson, at Seer Selection Ltd, Marcol House, 293 Regent Street, London WIR 7PD. Alternatively, please telephone ber on 01-631 0479 (days) or 01-470 0534 (evenings and weekends).

Seer Selection

# **Finance Director** (Designate)

Central London

c.£55,000 + car and benefits

Our client is a quoted International conglomerate, with a turnover in excess of £100m. Employing over one thousand people in the UK, Europe and the USA, the group's operations range from specialist engineering to the import and distribution of consumer

As a precursor to the retirement of the current Finance Director, the company wish to appoint a Finance Director (Designate). Working as part of a small executive team, the Director will be responsible for acquisitions, managing the group's financial function, maintaining and developing strong relationships with City institutions and liaising with external advisors.

Likely to be in their forties, candidates will be qualified Chartered intants who can demonstrate a significant career record

to date. Experience must include acquisitions, management of a corporate financial function and liaising with City institutions. Candidates should be highly motivated and possess a strong and confident personality yet be able to work as part of a small team. They must be quick to learn and be able to advise on a range of

Please send full personal and career details in confidence to Mark Spickett, Executive Selection Group, Deloitte Haskins & Sells, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5321/FT on both envelope

EXECUTIVE SELECTION



Create your own success story

**Attractive Negotiable Package** 

London

Walker Books Ltd, founded in 1979, has grown rapidly to become brand leader in the childrens' book market. In a decade which has not favoured the publishing industry the Company's growth and profitability record is enviable. Turnover stands at \$10.5 million and will rise to \$12.5 million in the current financial year. Sales are worldwide with a strong export market, and in the UK the Company is the sole supplier of childrens' books to Sainsbury's.

The Company's success has prompted the need for this new appointment. Reporting to the Chairman, you will provide accurate and timely financial information to enable him to make informed strategic decisions. This will be achieved through the Intelligent use of both M.I.S. and the existing well regarded accounts department. A key initial task will be the review and enhancement of computer systems. This is an ideal opportunity to demonstrate your value to a young expanding Company and affirm your position as a key member of the top management team.

You are a qualified Accountant, probably in your late twenties to late thirties, with significant relevant experience. You are likely to have experience in the publishing industry and must have an understanding of royalty payments systems. Commercial awareness and a hands-on approach are essential.

Salary is for negotiation in a context where excellence is amply rewarded. Benefits include a car, pension scheme, PPP, free lunches and, in the foreseeable future, a company creche.

Please write with full career details to Lesley Gifford quoting ref. B20342. MSL International (UK) Ltd., 32 Aybrook Street,

**MSL** International

**Profit Centre Responsibilities For Young ACMA/ACCA** 

# **Factory Financial Controller**

**Fast Moving Consumer Goods Manufacturing** c. £27,000 + carNorth West

Part of a highly successful major international food company, our client is continuing to build its \$2000 million turnover UK business. New factory facilities in the North West employ 350 and current turnover is \$22 million. Output and productivity are rising strongly in support of sales and marketing initiatives.

An experienced young Accountant, you will lead a team of 11 and be responsible for all aspects of financial management and planning, including computer systems, management Information and standard costing at this exciting and responsive high volume site.

As a key member of the senior factory team, reporting to the General Manager, you will probably be in your 30's, a

qualified ACMA/ACCA, with a successful track record in manufacturing accounting and with computer systems experience. You will be a committed and ambitious manager, able to contribute to the broad issues of running the business. Good communications skills and an enthusiastic and progressive attitude are needed. Career prospects within the group are excellent.

Salary is negotiable as shown plus company car and usual executive

Please write with full career details, including salary - in confidence - to: David Mather, Ref. 31077, MSL International (UK) Limited, Sovereign House, 12-18 Queen Street, Manchester

**MSL** International

# Group Financial Controller

c.£40,000 plus car and benefits London

Our client, a dynamic plc, is the largest Group in its field, both in the UK and the US. This position has been achieved largely by an aggressive and highly successful acquisition policy over the last five years. However the market is very fragmented, end further significant growth is planned both in the UK and overseas. Turnover is currently about £150m, and extremely profitable.

The recent growth has prompted the need to recruit a Group Financial Controller. Reporting to the Group Finance Director, the appointee will be responsible for Group Reporting, Treasury Management, Taxation, and Financial Planning and Control.

You should be a qualified accountant in your thirties, with multinational experience and demonstrable career success to date. You must be able to work effectively in a fast moving, highly acquisitive environment, and have a "hands on" approach.

If you think you are the self-starter we ere seeking, please write to Geoffrey Rutland, FCA, ATIL, at the address below, quoting the reference 1604, and giving concise career and salery details and a daytime telephona number, or phone him on 01-583 3303 (office) or 01-878 8395 (home)

HAMLYN 850 Binder Hamlyn Management Consultants 8 St. Bride Street, London EC4A 4DA

# Senior Opportunities in Accounting

Gulf

Attractive Tax Free Salaries + Benefits

Qatar General Petroleum Corporation (Offshore), a state-owned corporation engaged in oil and gas exploration and production, offers the following attractive opportunities in Qatar. 一般のでは、大きないのは、なるでは、なるでは、いるのはない。
 できまれている。
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### Controller - Financial Accounts

Reporting to the Finance Manager, you will be responsible for the control of the company's financial accounts and all

This will include management of funding requirements and the settlement of supplier accounts and disbursement of salaries. Ref. 1299/6

## **Controller - Accounting Services**

You will report to the Finance Manager and be responsible for providing professional and technical support on all financial and

The role will involve participation in the

planning and development of computerised accounting systems, the provision of expert advice to operating line management, and ensuring that staff training requirements are met. Ref. 1299/7

For either appointment, you will need to be a Chartered or Certified Accountant with around 10 years' experience in financial and information systems, including some exposure to control and background within an oil or gas

exploration and production company is desirable. Both positions are in the senior staff cadre of the Corporation and

will attract a highly competitive remuneration package. This will include tax free salary, free accommodation, annual leave with family passages, education and

London WIM 3JL.

recreation facilities. Please write with full career and salary details quoting the appropriate reference number to: John Strang, MSL International (UK) Limited, 32 Aybrook Street,

# **Finance Director**

c.\$30,000 + Benefits

Our client, a successful and rapidly expanding \$18 million turnover company with an enviable reputation for added value computer systems solutions to meet users needs, is a significant. subsidiary of a developing UK pic. The Company provides corporate and professional users with a total solution to their computing needs selling hardware, software and providing service backup from four centres throughout the UK.

Reporting to the Managing Director and leading an established team, you will provide business flair and practical financial leadership to the closely knit and informal Board. Sound professional experience gained across both large and small companies must be complemented by initiative and well developed interpersonal skills to set and achieve further improvements within this progressive company.

## North Yorkshire

Aged in your 30's or early 40's, you will be a qualified Chartered Accountant, with relevant senior financial experience in a highly commercial environment. You will have developed effective systems and financial controls, have operated to tight deadlines and be familiar in providing proactive business data in support of strategic and business planning. This is an excellent career opportunity with significant potential for those seeking broader business exposure.

The package comprises an attractive: salary plus bonus, fully expensed company car and other appropriate benefits, including relocation assistance.

Please write will career details, Including salary in confidence to Mike Holmes, reference 71088, MSL International (UK) Ltd., Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

**MSL** International

# **Financial Director**

Change management role for a dynamic achiever

To \$30,000 + car + substantial bonus

South Coast

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Our client is an autonomous subsidiary of a major international manufacturing group. The new Managing Director has initiated a programme of radical change aimed at revitalising operations and transforming the company from technology led to market focused.

Rapid growth is planned, both organic and via acquisition, from the current \$20m turnover to a position of European leadership and a cohesive management team is being developed to ensure effective implementation.

An energetic , results-oriented Financial Director is needed to play a key hands-on role in establishing a sharper commercial orientation. Short term priorities are to introduce effective information systems and to improve financial management through strong leadership of the accounts group. Long term there is a vital strategic role in business planning.

You will be a qualified accountant with a degree level education and significant experience in a manufacturing environment. Aged around 30, you will be highly computer literate, committed to teamwork and your personal qualities will include resilience, maturity, strength of character and the ability to produce results during a period of rapid change.
You will be based at the Company's modern, purpose built facility on the South Coast.

Please write in confidence, with full CV to David Thackeray, quoting ref: 96013, MSL International (UK) Limited, Pilgrim House, 2/6 William Street, Windsor, Berkshire SLA OBA.

**MSL** International

# **ACCOUNTS ASSISTANT**

Required by Chartered Accountants for inhouse acounts department must be familiar with Bought and Sales Ledger routines and Accounts preparation to Trial Balance. Computer experienced preferred. Salary according to age and experience. Please write with full C.V. to:

Wilder Coe Chartered Accountants 233-237 Old Marylebone Road, London NW1 5QT

### ASSISTANT FINANCE OFFICER

EGYPT

The multinational force and observers (MFO) an independent international organization responsible for monitoring compliance with the terms and conditions of the Egyptian-Israeli peace treaty, is seeking an Assistant Finance Officer for its force headquarters in Egypt. An ideal opportunity for a young dynamic individual with an education in accounting or general business studies, and 2-5 years experience working in the financial department of a company. The ideal candidate will be experienced in bookkeeping, invoice review, dishursements & collection systems, personal computers and standard software application packages. Most also possess the ability to work with people from various linguistic and cultural backgrounds, and be willing to live and work in a comfortable but isolated environment.

One year, renewable, contract being offered for unaccompanied tour of duty in El Gorah, Sinei, Egypt. Attractive salary and benefits package.

Please send resume by far to MFO headquarters in Rome Italy 39-6-592-0692 or by post to New York addressed to Chief of Personnel, American Embassy/MFO, APO New York 09794.

### **Group Financial Accounting Manager**

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Paris c. 350,000 Francs

The group is one of the fastest growing French multi-nationals (turnover £2 billion) with manufacturing subsidiaries in the USA and throughout Europe. Following a period of rapid expansion through acquisition, the requirement for a British trained Group Financial Accounting Manager has arisen.

Reporting to the Head of Group Accounting, his responsibilities will include liaison with divisions and subsidiaries (systems, deadlines, internal control), the development of standard reporting procedures, and other assignments. Candidates are likely to be a Supervisor or Manager with a major international firm of auditors. A good basic knowledge of French is desirable. For the successful candidate the position will lead to a highly motivating international career in line

Please write to the Executive Selection Director, Nicholas Angell Limited, 11 Waterloo Place, London SWIY 4AU.

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## **European Financial Director**

Property Development

£80,000 + bonus + expatriate benefits

First class entrepreneurial opportunity for a talented finance professional to play a major role in the development of a fast growing European property development business.

THE COMPANY

♦ Highly regarded and successful property development business supported by funding of £200 million.

Planning to accelerate growth of European activities through existing and new offices.

Public quoration scheduled for 1990.

THE POSITION

Responsible to Managing Director for financial strategy, financial and administrative management of European operations.

 Develop effective infrastructure in each country to support property sition and development activities.

Full participation in overall business strategy.

**OUALIFICATIONS** 

Commercially minded MBA/qualified accountant, aged 32-40, with successful track record of financial management in a European operation.

Excellent leadership, administrative and communication skills.

Self starter, creative and highly disciplined. Fluency in at least two European languages.

Attractive base salary, bonus scheme and expatriate benefits. Entrepreneurial opportunity with excellent prospects for career

> Please reply in writing, enclosing full cv, Reference H9921 54 Jermyn Street, London SW1Y 6LX.



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## **Group Financial Controller**

**Major International Plc** 

c.£55/60,000

Central London

Very challenging, senior position in a fast growing, British pic with major interestional interests.

THE COMPANY

 $\diamondsuit$  Exciting, dynamic and still entrepreneurial despite a turnover in the region of £1.5bn. World-wide interests include significant American, European, Far Eastern and

Constant evolution and growth, both organic and by acquisition in several sound industrial sectors.

Financial control of all the Group's UK and international subsidiaries. Line magement responsibility for financial control, systems and insurance managers

Close relationship with financial directors of divisions. Reporting to Group Finance Director. Frequent contact with Chairman and Board members. Motivation and direction of people from many business and national

Essential: Qualified Accountant with senior financial control experience in an international group. Able to analyse company operations and improve their profitability.

ulities are key. Tough, tactful, articulate, extrovert with a sense of

ur. Aged 35-45. Knowledge of the City and corporate finance.

An excellent base salary; eligible for stock options, performance related

An exceptionally stimulating job with real career opportunities. Please reply in writing, enclosing full cv. Reference FI4239 54 Jermyn Street, London SWIY 6LX.



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GROUP FINANCIAL CONTROLLER - Working for Sport

## We offer, and expect, the best of both worlds

First and foremost, you will be required to ensure that our day-to-day headquarters accounting functions, which are the key to the organisation's efficiency, are sustained and developed. Your professional qualifications and management experience will enable you to lead a department, train and develop staff, advise on the implementation of systems and controls, be involved with the preparation of reports etc. and provide an advisory/supervisory service to 10 regional offices.

From this background of practical responsibilities you will, if you have not already done so, be encouraged to develop a wider vision. Like many other organisations, we increasingly expect to adapt to an environment wherein highly desirable -social objectives are seen to be entirely

compatible with the need to maximise resources and generate independent income.

Your awareness of commercial realities and appreciation of longer-term financial management strategy can only be enhanced by the contribution which you are able to make to this process. It is, as we have already indicated, the best of both worlds.

There are genuine opportunities for promotion and career advancement for the right person. An initial salary of up to £26,500 is offered together with an attractive benefits package which includes relocation expenses of up to £5,000.

Please send brief career details to Ms T. Hindmarsh, Personnel Officer, 16 Upper Woburn Place, London WC1H OQP.

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#### Cambridge c.£30,000 + car

SPALDING IS A leading worldwide supplier of sporting goods with operations in 9 countries and with 8 consecutive years of record growth and profits. Worldwide, it enjoys market leadership in golf ball and basketball categories and leads the industry with new product introduction and commitment to research and development. Its UK operations provide an opportunity to become part of a growing division of Spalding.

Reporting to the Managing Director, you will have overall control of all financial matters and assist in developing Spalding's business strategies and activities necessary to achieve its profitability and growth objectives for the

You will be responsible for the preparation of

SPALDING

management information systems while continuing to monitor divisional progress. This position requires a full understanding of US accounting principles and the ability to liaise effectively with other European divisions and US management,

We are searching for a highly motivated qualified accountant, aged 28-45, with a hands-on management style. Candidates should have strong communication and management skills, and the ability to achieve

In addition to a competitive salary potential and car, this position is eligible to participate in a lucrative bonus scheme. If you are interested in being part of a management team responsible for directing Spalding's growth in the UK, please send full cv indicating current salary, to Fiona McMillan, Ref: 3808/FM/FT, PA Consulting Group, Hyde Park House,



Creating Business advantag

## **Finance Director**

Sussex Coast c.£35,000 Bonus

Car

### A key role in a new management team.

pocialising in the manufacture of Defence Equipment, our client is an stablished UK organisation with an international client base.

To ensure and significantly enhance their growth and performance they are entering an entiting, challenging phase of re-organization. Central to this is the recruitment of an ambitious and presentive Finance Director who will complete

As a qualified professional with experience gained in a manufacturing accounting environment with emphasis on costing, you should possess effective interpersonal, communication and leadership skills. The shility to define and implement recommendations must be supported by realisance and sound business accuracy. Knowledge of MOD contracts is desirable.

In addition to a substantial renumeration package, which includes a because and company car our client offers a real execut opportunity. Please write with CV and full description of responsibilities and achie

Tony Riley, Barnett Consulting Group Ltd., Airwork House, 35 Piccadilly, London W1V 9PB.

# Finance Manager

#### Cheshire

Our client is a rapidly expanding £12 million turnover manufacturing subsidiary of a major US corporation and is the Head Office for the European division. As a market leader in its field, the company has an enviable reputation for innovation and high quality products.

Internal promotion has led to the requirement for a Finance Manager who, reporting to the Managing Director, will assume full responsibility for finance and information technology. Particular emphasis will be on business planning and forecasting and a newly implemented computer network will require significant input to develop MRP and related systems. As a key member of the management team, the individual will be

£25,000 + Car

expected to make an important contribution to the commercial direction of the business.

Candidates, aged 30+, will be qualified Accountants, who can combine excellent personal skills with a strong technical background gained in manufacturing and must possess the drive and energy to succeed in a dynamic and challenging environment. Future prospects within the Group are excellent.

Interested applicants should forward their Curriculum Vitae quoting ref. 4492 to Mark Hurley BSc, ACMA at Michael Page Finance, Executive Division, Clarendon House 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## COMMERCIAL & BUSINESS **DEVELOPMENT MANAGER**

N.W.LONDON C£32K+BONUS+CAR

This is a unique career opportunity to join one of the largest MBO's in the UK in a role where there is freedom to impact upon key decision-n Reedpack is a 2900m turnous group of 9 companies with 90 sites in 4 countries. Within the office supplies, paper and packaging markets, Reedpack is an undisputed leader. Reporting to the Group Finance Director and working closely with the C.E. and senting ea, capital investment appraisal and business strategy. Planning for flotation, and the period beyond, will be a major project in its own right.

Assessment of these longer term requirements will be

balanced by the need to be highly pro-active in dealing with a diversity of current business issues, both at group and individual company level.

The role would ideally sait an MBA or Chartered Accountant, aged late 20's -early 30's with some big company exposure and a fast track career record. The cial emphasis of the position should develop the ambitious individual into a line management role within a couple of years. Please write, exclosing full CV to Linda Helme, Head of Management Development, Reedpack Limited, Cloisters House, High Street, Rickmansworth, Herts

WD3 18G. Tel: (0923) 771121. REEDPACKLIMITED

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Appears every Monday, Wednesday and Thursday

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## Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation. Innerfixec SMI not only provides career advice to successful executives but the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job. perMex maintains a unique date base of some 6,000 unadvertised or smutte, providing the only confidential inplacement 8 Service. If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

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Senior Financial Managers

## CONTROLLER

**SAUDI ARABIA** 

c.\$55,000 Tax Free



**Financial** 

Director

Computer Services

South East,

Package To £50,000, Car,

Executive Benefits

The Clorox Company is a major US multinational whose principal activity is the development, manufacture and marketing of fast moving consumer packaged goods. With a worldwide turnover in excess of \$1.3 billion, the Company is continually expanding and seeks a qualified accountant to take up a key role based in jeddah, for two joint-venture companies. Reporting to the local corporate finance manager and with direct liaison to senior management in the UK, the Controller will have responsibility for all finance and accounting issues at joint-venture level as well as at the group level for consolidation

At joint-venture level, the controller will design and implement action-oriented management reporting supported by detailed commentary and analysis to enable local management to take sound business decisions. Local staff will need training in these systems. Other responsibilities will include building upon and further developing synergy between both joint-venture

At group level, the Controller will develop consolidated management reporting, budgetary and financial planning on an annual and quarterly basis as well as the identification of business opportunities, cost saving exercises and capital investment evaluations. He will also provide analytical support to the central Manufacturing and Marketing functions.

Previous management experience and a sound knowledge of mini/PC-based systems and staff development are essential qualities. The successful candidate will have previously worked outside the UK.

In addition to a competitive remuneration package, the company will provide high quality accommodation as well as frequent return trips to the UK. The appointment will be made on a contract basis with one of the joint-venture companies. For further details, contact Michael Herst or James Cozens on 01-629 4463 day, 0256 469940 (evenings and weekends) or send an appropriate curriculum vitae to the address below quoting Ref. JC005.

## HARRISON # WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albernarie St., London WIX 3FD. Tel: 01-629 4463.

In the decade since its formation this company has grown dramatically in size, market penetration and profitability. Today, with a turnover in excess of £10m, it is a leading source of quality software products, support services, training and consultancy, with an impressive and wide-ranging portfolio

Its plans for the future are ambitious, encompassing an ecquisition programme both in the UK and overseas, and there is e strong possibility of flotation within the next

Zyears.

Reporting to the Managing Director and heading up an existing motivated and performing team, the person appointed will be involved in the normal range of responsibilities associated with a senior financial position, as well as making a major contribution to the commercial strategy of the business.

Most probably FCA qualified and aged between 32 and 45, you must demonstrate a combination of outstanding accounting and managerial expertise and proven commercial acumen, with some experience of negotiations with banks and city institutions.

This highly challenging and varied appointment provides considerable scope for career development linked to the growth of the business, and a substantial negotiable basic salary is supported by a bonus and executive benefits.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, M.A. Grant, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738, quoting

# Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFE, EDINBURGH, GLASGOW, LEEDS; LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR A Member of Blue Arrow plc

## FINANCE AND COMMERCIAL **MANAGER**

£30,000 (Neg) + Car

**East Midlands** 

Morag Lloyd.

Our Client is a successful and progressive firm of Solicitors with e number of offices in the East Midlands. Continuing growth, both organic and by acquisition, has created the need for this new role. The Finance and Commercial Manager will be responsible for the financial manage firm. Although initially a stand alone role, additional resources will be recruited as they are required. As a senior member of the firm, a significant contribution to business strategy and development plans is expected.

Applicants, probably 30-45 years, will be qualified untants with sound commercial or business experience and a good understanding of

computerised systems. Mature social and communication skills are essential for success as are flexibility, commitment and a pro-active

This is an exciting opportunity to contribute directly to the firm's success in a wide-ranging role offering considerable scope and excellent

A salary of circa £30,000 per annum is offered and the company car is fully expensed. Please write with full career details including salary and quoting reference L/126/89 to

## **KPMG** Peat Marwick McLintock

Arlen House, Salisbury Road, Leicester LE1 7QS. Telephone (0533) 471122.

東京オフィスにおける マネージング・ディレクターを求めます 沿草: 当インターセック・リサーチ社は15年間におよぶ独創的な

投資パフォーマンス測定調査、及び投資コンサルティング活動の結 果、国際投資業界では屈指の息成長をして参りました。ニューヨー ク本社、及びロンドン。東京オフィスを拠点とし13ヶ屋にまたがる 130もの主たる金融機関にサービスを提供しています。今後も意欲的に新しい展開をしていく所在であり、特に日本市場に注目していることはいうまでもありません。 仕事内容: 私どもの東京オフィスは設立以来6年間。ボートフォ

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マト州。スタンフォードの本社社長協属となります。 資格: 日本の機関投資家業界で、定評ある実績を持っていること。 管理者としてリードしていけること。日、英両国話堪能なこと。金 融市場に精通していること。大卒以上 あなたの能力と実績に応えます。将来、持ち株参加への機

CO このようなプロフェッショナルで、且つ起薬家精神に満ち、急成長 を続ける当社の日本におけるビジネスで先陣を切っていきたいと思 われる方は履歴書と自己 P R 文 (covering letter)を下記まで郵送。又 はファックスでお送り下さい。

InterSec Research Corporation Attn: David Booher, Senior Vice President, Hill House, 2nd Floor, 6 Albemarle Street, London W1X 3HF, Fax Number: 01-409-0843

## Bank of England Reporting

International Banking

c.£20,000

LEGAL APPOINTMENTS APPEAR EVERY MONDAY

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01 873 3000

A leading European merchant bank is seeking a supervisor for the Bank Of England reporting area.

The position will include responsibility for regulatory reporting, the preparation of all Bank of England returns, the development of reporting systems and the supervision of a small number of staff.

You will have a minimum of two years' relevant experience with proven supervisory skills. You will be familiar

with computerised bank accounting systems and will have knowledge of Lotus spreadsheets.

This position offers excellent opportunities within a major international banking group and a competitive salary will be enhanced by a full benefits package.

For further information please send your CV to Jane French at Austin Knight Selection, 17 St Helens Place, EC3A 6AS. Tel: 01-588 6452 (01-256 6925 evenings/weekend). Please quote reference: 1086/JF/89

## GROUP FINANCIAL ACCOUNTING MANAGER

Cambs/Lincs Border

This high profile British public group has achieved a position at the forefront of its consumer goods markets through innovation, professionalism and a commitment to the highest standards of quality and efficiency. With a turnover of £500m and a successful record of profit growth, it has a policy of continuing expansion through acquisition and investment for organic growth.

The key role of Group Financial Accounting Manager has been created as part of a restructuring of the head office finance function, in order to keep pace with the growth of the business. Reporting to to the Financial Controller and managing twelve staff, the appointee will be expected to build up a thorough understanding of the business through close liaison with the senior operational management. The brief is not simply to control the normal group reporting function, but also to oversee the financial integration of newly acquired companies, to improve the group's usage of its accounting systems, to deal with technical accounting developments and to train and develop the accounting team.

£35,000 + car + bonus

Candidates should be qualified accountants probably aged 28-35. They should have built up sound technical skills and financial reporting experience, ideally in a head office or line accounting role, though managers from a leading accountancy practice will not be ruled out. Strong interpersonal skills are particularly important as this is not an ivory tower "number crunching" role. You should be able to establish your commercial credibility with operational managers and bring the best out of a talented team of subordinates.

It is an ideal entry point for an ambitious accountant into e progressive expanding group and it should lead to a senior line role in an operating company in due course. A generous relocation package to this attractive rural location will be available if appropriate.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L463.

Egor Executive Selection, 58 St. James's Street London SW1A 1LD (01-629 8070)

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United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

## FINANCE DIRECTOR

#### Going to USM

This small independent company plans to go to the USM early in 1990 as part of its strategy to expand in Europe and the USA. Marketing specialised food processing equipment, the company has an extensive track record and recent results have been

As a key member of a new management team the emphasis will be on developing and implementing the expansion plans as well as managing the small accounts function and introducing enhanced controls and systems.

#### Up to £40K + benefits

A qualified accountant is required with practical experience of a USM flotation. gained in either industry or the profession, along with commercial and practical accounting skills needed in the formation of e new international group.

Based outside of Bristol this post offers e generous benefits package, including car and relocation assistance.

Please apply quoting reference 185 to Barbara Wood giving full details of relevant background.

## **KPMG** Peat Marwick McLintock

Executive Selection and Search 15 Pembroke Road, Clifton, Bristol BS8 3BG.

## Major **Property Group**

THE TOTAL OF STREET

## DEVELOPMENT ACCOUNTANT

Substantial, successful and highly regarded, our client is one of the UK's leading property groups. The group has an impressive record and is forecasting further rapid growth across all its sectors, both in the UK and

Based in London, the Accountant will join a small high profile team responsible for the analysis and presentation of commercial information. With an emphasis upon the review and control of significant development projects, he or she will prepare budgets, plans and forecasts. Working closely with and influencing commercial managers, the Accountant will be ideally placed for increased responsibility within this fast expanding and entrepreneurial environment.

In their late 20s, applicants should be graduate accountants with post qualification experience, ideally gained in commerce or industry. Analytical ability and good interpersonal skills are necessary.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/876/F.

c\$30,000 + car + bonus + options

#### FLEMINGS

Corporate Finance Executive

An exciting opportunity exists in Robert Fleming (Deutschland) GmbH, based in Frankfurt for a corporate finance executive to be part of our expanding international corporate finance activities.

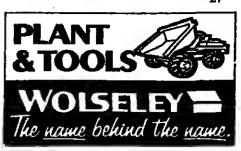
The successful candidate should have experience in and knowledge of the financial service industry in West Germany from a background in banking or consultancy or other related activity. The candidate should also be fluent in English and it would be desirable if relevant experience had also been gained from a period of work outside West Germany.

The post requires the abilities to develop corporate finance opportunities within the framework of an international organisation. An attractive remuneration package will be available commensurate with ae, qualifications and experience. Applicants should write, enclosing a curriculum vitae to: Herr H. Hochstrate, Robert Fleming (Deutschland) GmbH, Im Trutz Frankfurt 55, 6000 Frankfurt West Germany.



## **FINANCIAL TIMES** COMPANIES & MARKETS

Friday October 27 1989



## INSIDE

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#### Final blow to creditors' hopes

The hopes of bank and broker creditors of the Insolvent International Tin Council were dealt a final blow yesterday when the UK House of Lords ruled that the council'e members were not liable for its debts. The five Law Lords' 48page ruling in favour of the members — the UK, 22 other states and the European Community — follows a hearing that lested nearly six weeks last June and July. Page 49

Market shows signs of nerves



investors do not often pay Socialist governments the compliment of being nervous before elections. In Spain's case, however, Mr Felipe Gonzalez' Socialist administration has become so closely identified with the country's eco-nomic euccess that the prospect of its losing its absolute majority in parliament on Sunday is playing a large part in the Madrid bolsa's recent imp behaviour. Page 52

#### One bright spot

The Congolese economy is in such bad shape that its government could be forgiven for grasping at straws. But the country's rapidly expanding oil industry is more than a foriorn hope. Production is scheduled to increase by more than 10 per cent this year, to reach a record 158,000 barrels a day. Moreover, the discovery of significant reserves by Chicagobased Amoco bodes well for the next decade. Howard Schissel reports. Page 40 .

Giving records a spin



**Dutch electronics group Phil**ips plans to spin off about 20 per cent of Polygram, its record company subsidiary, in an international equity offer. The company disclosed that it now owned all of Polygram, and would seek a listing for the shares on the New York and Amsterdam stock exchanges, Laura Raun

Symbolic start

Treding in the new Ecu deposit future got off to a modest start on the London International Financial Futures Exchange yesterday — in the FT-SE futures pit. There was, writes Katharine Campbell, a certain symbolism in the fact that the contract that marks for Liffe the "second plank" in the European strategy should find a home by brushing aside a domestic product. For it is at least ustifu because of the over-For, it is at least parity because of the overwhelming — and unexpected — success of its foray into D-Mark contracts that the exchange has so dramatically outgrown the confines of the Royal Exchange. So locating a position on

Market Statistics . .

Base lending rates
Benchmark Govt bonds
European options exchi
FT-A morte Savice
FT-A world indices
FT int bond service
Financial futures
Foreign exchanges
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London traded options
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Companies in the	ule, e	ection	
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Chrysler	. 25		3
Coats Vivella	. 39		3
Compag Computer	30		3
Connaught BloSci	30		-3
Conrad Continental	34		2
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Credit Suisse	28		2
Deutsche Bank .	28		2
Enimont	30		31
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FKI	. 33	Placer Dome	31
Fanuc	. 29		3
Ford	28	Provigo	34
Fuiltsu	29		2
Gakken	29		31
Gateway		SKF	24
Gemina	28	Sanderson Electronic	34
General Electric	29		31
	B. 33		3
Globe Inv Trust	39	Tandem Computers	31
Hays	33	Tokyu Dept.store	34
Hitachi	29	Tootal Group	31
Holmes Protection	33 29 39 33	Toshiba	223333333333333333333333333333333333333
ICI	33	Willis Faber	3
Imasco	30	Wormald Inti	31
Intel	30	Zenith Electronics	3

Chief price changes yesterday | PRANKFURT (Dill) | Rises | Several Bovel | S84 + 9 | De Distic | 2170 + 186.8 | Several Bovel | S87 + 12 | Deutsche Bank | S80 - 37.1 | Deutsche Bank | S80 - 160 | S80 |

135 + 9.8 

# send London market falling

By Clare Pearson

IMPERIAL Chemical Industries, Ritialn's biggest chemical industries, Ritialn's biggest chemicals com-pany, sent shudders through the London stock market yesterday when it announced worse-than-expected third quarter results. ICI, widely viewed as a barome-

ter of the UK economy, saw its shares drop 73p to 1097p in heavy selling after it announced quarterly pre-tax profits of £306m (\$490m), 12 per cent lower than last time. The nine-month total comes to £1.23bn, a 9 per cent. advance on £1.13bn.

advance on El.13bn.
In thin trading, ICI's results announcement triggered a drop in the London equity market overall, even ahead of the lower opening in New York during the afternoon.

Sir Denys Henderson, chairman, said the third quarter results reflected "not only the normal seasonality but also some softening of demand and margins in a number of markets." Nevertheless, he said 1969 should be a "reasonable year" for the com-pany. Chemicals analysts had expected a broadly flat third quarter result from ICI compared with the £347m achieved in the same period last year.

The split of profits also dismayed the market. Bulk products such as petrochemicals and plastics, where a downturn has long been expected, continued to per-form well. But there were signs of softening demand in other product areas, and specific prob-

lems in fertilisers.

ICI said it planned to cut the
UK sales force and rationalise production at the fertilisers busi-ness, which had fallen into loss again after trading profitably again after trading profitably during the first six months. This measure, which follows similar steps last year, will involve the loss of about 350 jobs in the UK. The figures also showed ICI feeling the effects of the downturn in UK consumer spending, and suffering from areas of weakness in the US economy.

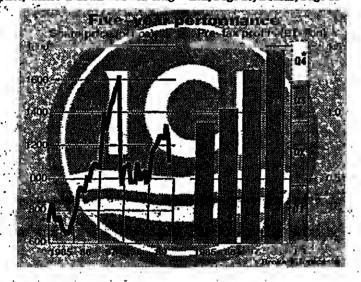
Analysis downgraded forecasts for full-year pre-tax profits by some £100m to around £1.155bn, against £1.47on last year.

As part of the industrial products division's nine-month operating profits of £623m (£546m), KI's central petrochemicals and plastics activities accounted for £322m (£289m).

2322m (£229m).

Thanks to an improvement in agrochemicals and plant breeding, the agricultural division put £140m (£114m) to operating profits. Fertilisers made a loss of

£12,000 (£22,000). Consumer and speciality prod-ucts put in £439m (£443m). Lex, Page 26; Details, Page 33



## GM, Chrysler and Ford all suffer as poor market bites

By Roderick Oram in New York

DETROFF'S big three vehicle makers turned in sharply lower third quarter profits yesterday reflecting problems in the US market from declining car sales, increased competition from Japa-nese plants in the US and heavy wrice cutting.

Ford Motor admitted that its core US vehicle-making operations ran at a loss in the period. General Motors and Chrysler were less forthcoming but analysts believed they were just profitable at best. The stock market had expected such

Ford and GM benefited, how-Ford and GM benefited, how-ever, from improved automotive results abroad, particularly in Europe. Both companies were bolstered by their non-antomo-tive businesses or, in Chrysler's case, by a large gain from the sale of some of its stake in Mitsu-licki Motors of Jensu.

sale of some of its stake in musu-hishi Motors of Japan.

Ford and Chrysler were pessi-mistic about the outlook for their automotive businesses while General Motors stressed it had increased its US market share and was improving manufactur-ting efficiency.

and was improving manufacturing efficiency.

GM's third quarter net fell to \$516.9m or 72 cents per common share, from \$859.2m or \$1.23 a year earlier. Around \$494m of the net income came from EDS, GM Hughes and GMAC - GM's company of the state of the Hughes and GMAC — GM S computer, electronics and financing arms. Sales edged ahead to \$28.8hm from \$28.2bm.

Ford's third quarter net income dropped to \$477.1m. or \$1.08 a share, from \$856.3m, or \$1.78. Sales slipped to \$20.24bm from \$20.4hm.

\$20.4bn. Chrysler turned in net income for the quarter of \$331m or \$1.42 e share, including a net gain of \$1.42 e share, including a net gain of \$300m from the sale of its Mitsubishi stake. A year earlier it earned \$113m or 50 cents. Sales

earned \$113m er 50 cents. Sales were flat et \$7.88bn.
"It's been a tough quarter," said Mr Lee Iacocca, Chrysler's chairman. "Our earnings have been squeezed by a softer retail market and unprecedented sales incentive costs. We expect these extreme cost pressures to con-tinue in the fourth quarter and

Analysts estimate the industry spent some \$2.4bn in the quarter

on cash rebates and other incentives, which worked out at some \$850 per vehicle sold. GM has been pushing even harder, chalking np average incentives of \$1,225 per vehicle in the second quarter alone.

Overall in the third quarter, US

car and light truck sales fell 3 per cent even with the help of the incentives. Struggling to work off large inventories, production fell. In GM's case output fell to the lowest third quarter volume in eight years. Ford said yesterday that fourth quarter output would be down 10 per cent from 1988.



Lee Jacocca: earnings squeezed by softer retail market

Meanwhile, output from plants owned wholly by Japanese com-panies or in joint venture with US partners accounted for 12.3 per cent of third quarter produc-tion, up from 8.5 per cent a year

GM's worldwide factory sales of whicles slipped 3.5 per cent to 1.7m units, despite the contribution of a 12 per cent increase in overseas sales to 573,000 cars and trucks. Sales by GM's US dealers rose to 1.4m from 1.3m as they reduced their stocks with the help of the incentives.
Ford said its US antomotive

Ford said its US antomotive operations lost \$37m in the quarter, against a profit of \$34lm a year earlier. Automotive profits abroad were \$324m, up \$1m. Its US factory car and truck sales were 725,472 units against 802,610 for the quarter. Abroad they were 569,482, against 541,714.

## Bad ICI results | Morgan Grenfell 'cool' to Banque Indosuez's invitation to merge

MORGAN GRENFELL, the City French group. MORGAN thesapetit, the city morgan merchant bank, yesterday responded coolly to calls by Banque Indosnez, a part of Groupe Suez, one of Western Europe's most powerful industrial and financial conglomerates, to establish a partnership in European merchant hapking

European merchant banking.
Earlier in the day, Banque Indosuez, which is the ninth largest bank in France, announced that it was seeking to buy the 20.4 per cent stake in Morgan Grenfell owned by Willis Faber, the ioeurance broker, for £137.4m.

Rumours that Willis Faber was preparing to sell its stake in Mor-gan Grenfell have been wide-spread in the City for some

spread in the City for some weeks.

The sale is taking place in two stages because permission must be sought from Willis Faber's shareholders and the Bank of England. The first stage, the purchased of the same chase of a 10.6 per cent stake from Willis Faber, has been com-pleted, giving Indosuez a holding of 14.8 per cent.

If the full deal is completed, indosuez will own a total of 24.8

per cent in Morgan Grenfell. Mr Antoine Jeancourt-Galig-nani, Indosuez chairman, said yesterday he had written to Mor-gan Grenfell offering a partner-ship which would create a new

saip which would create a new European merchant bank.

"We think that the synergies between the two of us can be extremely attractive," he said.

News of the proposed deal-was followed by nearly three hours of discussion in London between Mr John Creaven Morrant Grenfell's John Craven, Morgan Grenfell's chairman, and Mr Jeancourt-Gal-ignani. However, in the afternoon, Morgan Grenfell issued a statement saying it was seeking further clarification of Indosuez's

long-term intentions.
Mr Craven said afterwards that he had been aware for sometime

he had been aware for sometime of the discussions between Willis Faber and Indosuez. It also emerged that Morgan Grenfell and Indosuez had been in discussions earlier this year but that they had broken down. Indosuez's decision to make a new approach seems to have come as a shock to Morgan Grenfell, and seems likely to force it to make some stark choices about its future. about its future. One of the oldest and proudest

financial institutions in the City, but with a reputation tarnished by its involvement as the adviser to drinks group Guinness in its controversial but ultimately suc-cessful takeover bid for Distillers in 1986, it now faces stark

choices.

It can either fight to continue its 150 years of independence or, as its senior executives fear, seek opportunities as a Pan-European merchant bank at the price of becoming a subsidiary within a

As yet there is no explicit pros-pect of a takeover bid by indo-suez. The French bank says it will not bid for Morgan Grenfell, barring the appearance of a rival suitor or some other material change in circumstances.

However, Mr Jeancourt-Galig-nani has made it equally clear that he would not be adverse to coming close to the 29 per cent limit at which a takeover offer

must be made.
This possibility could arise if Deutschebank, which owns 4.9 per cent, or one of the other smaller shareholders in Morgan Grenfell were to sell out to Indo-

Though it has yet to recover fully from the buffeting it took from the Guinness affair in 1986, Morgan Grenfell in recent months has begun to look as if it might soon begin to regain some-thing of its former mystique.

Pre-tax profits for the half-year announced in September were £32.8m, well up on last year's £21.9m, in a year which has gen-erally been bleak for merchant

The group's dividend was increased for the first time since

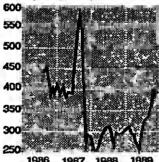
The recovery is the reward for swallowing bitter but necessary medicine. This included Morgan Grenfell's withdrawal last December from the securities market and a fierce pruning of its overhead costs and staff numbers, which drawed from over bers, which dropped from over 3,000 to under 2,400 in less than a

Refocused on its core activities of banking, corporate finance and asset management, Morgan Gren-fell is today in better shape than

for several years. But even before news of Indosuez's move, Morgan Grenfell was regarded by the market as somewhat isolated and a tempting prospect for foreign predators seeking to enlarge their crossborder operations.

Banque Indosnez's moves to acquire a major stake in Morgan Grenfell can be explained in terms of its own background and

Morgan Grenfell Share price (pence)





Antoine Jeancourt-Galignani flanked by Adrien Phares general manager (left) and Patrice Mignon vice president

assets at the end of June, and is the principal banking arm of the Suez group, which controls 100 per cent of its capital.

One of the leading merchant banks in France, it matches Mor-gan Grenfell's reputation in mergers and acquisitions.
Its specialist mergers and

acquisitions subsidiary, Finan-cière Indosuez, ranked second behind Lazard Frères in the French mergers and acquisitions market last year, advising on bids worth FFr26bn, according to PF Publications. From its historical roots - the

Suez canal operating company and the Banque de l'Indochine – Indosuez has retained a strong presence in both the Middle and the Far East, but it has tradition-ally been weaker in Europe and gan Grenfell is strongest. In recent years it has built on

its Far Eastern activities, buying the London-based etockbroker W I Carr, a specialist in the region with a seat on the Tokyo Stock Exchange, and developing a range of banking and securities market operations: 40 per cent in Producers Bank of the Philippines, 25 per cent in Nava Finance and Securities in Thai-

current trends in European banking.
Indosuez had FFr341bn of assets at the end of June, and is the principal banking arm of the Suez group, which controls 100

land, for example, besides its existing bank branch network.

In the securities market field, Indosuez had already begun to develop its network worldwide.

Alongside W I Carr in London, it bought France's leading equity

broker, Cheuvreux de Virieu, and took 75 per cent of Capital Securi-ties, a Canadian broker. But for the rest of its merchant banking activities, the bank's senior executives have acknowledged recently that it was too weak in Europe, especially in London.

Europe, outside France, accounted for only 11 per cent of Indosuez's net income last year compared with 10 per cent for the Middle East and 31 per cent for the Asia and Pacific region the Asia and Pacific region.
Its interest in Morgan Grenfell

corresponds to number of recent moves by rival French banks, who have begun aggressively ities in anticipation of the open-ing of the single European mar-

Mr Craven said yesterday he and his board would look at the picture in its entirety.

"There is nothing to be gained by being hostile or impolite." he said. There is, according to Mr Craven, no cross-channel take-over battle looming. Lex, Page 26; Faber sale, Page 33

## Tootal and **Coates** merger approved

By Ray Bashford

THE Monopolies and Mergers Commission has approved the £395m (\$632m) merger between the Tootal Gronp and Coats Viyella provided that Coats dis-poses of its interests in the UK domestic thread market.

The Commission said the merger would adversely affect competition in the £10m-a-year market for domestic sewing thread, but failed to find any other areas where competition

would be reduced excessively.

Mr James McAdam, the deputy chairman of Coats, and Mr Geoff-rey Maddrell, the chief executive of Tootal, indicated last night they did not believe the Commis-sion's objection would thwart another attempt to merge. The Coats takeover offer lapsed late last June, when the

Commission made the surprise announcement of an investiga-

announcement of an investiga-tion into the merger.

Coats and Tootal agreed merger terms last May. Coats holds a 29.9 per cent stake in Tootal, mostly acquired from Mr Abe Goldburg, the Australian textiles manufacturer.

The £395m offer included a cash alternative at 133n a share.

cash alternative at 133p a share. The market yesterday expressed confidence that the deal would be revived and pushed the shares 7p higher to 120p. Mr Maddrell said he was

pleased with the outcome of the investigation, and added that an objection centred on a business which had sales of £1.8m last year should not stop the creation of a new company with annual sales of £2.5bn.

The companies are to seek Department of Trade and Indus-try clarification on whether the sale of the Coats' businesses must be made before another ofter can be made.

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A member of The Royal Bank of Scotland Group pic.

## **Navigation Mixte opens** fight against Paribas bid

COMPAGNIE DE Navigatiou Mixte, the French champagne to insurance conglomerate, yesterday opened its defence against the FFr22.5bn (\$3.6bn) takeover bid launched earlier this week by Compagnie Finan-

cière de Paribas. Navigation Mixte forecast a sevenfold leap in profits this year, a substantially higher dividend, and threatened to counter Paribas's bid by buying more shares in its

Mr Marc Fournier, Navigation Mixte's chairman, said he had asked Mr Pierre Béregovoy, the finance minister, for permission to cross the threshold of 10 per cent in Paribas, and had every reason to believe permission would be

under a new law passed by the socialist government earlier this year creating a form of golden share in all companies privatised by the previous right-wing administration. He forecast that his compa

ny's unconsolidated parent company profits would be around FFr4.7bn this year, largely on the back of the cash paid by Allianz, the West Ger-man insurance giant, for 50 per

The permission is required

ceut of Navigatiou Mixte's insurance interests. Pareut company profits last year totalled FFr634m, and group consolidated profits FFr810m.

Mr Fournier said it would be logical for the group to pay out a substantially increased divi-dend next year. He maintained that this was not a poison pill aimed at warding off Paribas'e bid, of FFr1,850 or three Pari-bas shares for every Naviga-tion Mixte share, since he had already announced his inten-tion to do so at the chambeld tion to do so at the sharehold-

ers' meeting in June. He refused to say whether any of Navigation Mixte's main any of Navigation Mixte's main traditional shareholders, including three large retail banks, Crédit Agricole, Crédit Lyonnais and Société Générale, and Framatome, the nuclear plant builder, planned to increase their stakes in defence against the bid, adding that investors represented on the board already owned close to the majority of the company's capital. He said he had no intention of seeking a white

Navigation Mixte's statement rejecting Paribas'e offer was agreed unanimously by its directors, Mr Fournier said, including Dr Friedrich SchieHydro to advance

fer, managing director of Allianz, who has just joined By Karen Fossli in Oslo Allianz's attitude, as joint

NORSK HYDRO, Norway's largest publicly-quoted com-pany, saw third-quarter uet profits increase to NKr408m (\$59m) from NKr334m in the same period last year, in spite of a decrease in operating income in three of the group's from divisions four divisions.

Oil and gas

help Norsk

four divisions.

However, net profits for the first three quarters of 1989 slipped to NKr2.11bu from NKr2.18bn because of weaker sales performances in petrochemicals and fertilisers, two of the group's four divisions.

Group operating income in the third quarter improved by NKr84m to NKr1.14bn. For the first three quarters of this

NKr84m to NKr1.14bn. For the first three quarters of this year group operating income rose to NKr5.35bn from NKr4.63bn last year.

Hydro said operating income in the third quarter was weaker compared with the first two quarters primarily because of a lower level of activity during the summer activity during the summer months which affected sales of fertilisers, gas and heating oil, and aluminium and PVC prod-

Group financial expenses in the third quarter were more than halved to NKr249m from NKr513m largely because of exchange losses of NKr366m suffered in last year's third

quarter period.
Hydro's agriculture division
was by far the group's worst
performer in the third quarter. Operating income plunged to NKr9m from NKr78m last year because of lower prices in overseas markets, a shift in sales towards markets with smaller margins and costs associated with the restart of an ammonia plant.

For the first three quarters operating income slipped to NKr885m from NKr982m last

The oil and gas division was the group's best performer with third quarter operating income hitting NKr436m, against NKr167m last year. For the first three quarters operating income increased to NKr1.674bn from NKr874m

Hydro's light metals divi-sion also saw third quarter operating profits slip, to NKr433m from NKr458m.

# Cool response to share disclosures

Haig Simonian on responses to Deutsche Bank's equity stakes DEUTSCHE BANK'S

prise disclosure of a batch of previously-un-BIGGEST STAKES known equity stakes in leading Созпрапу German companies has triggered a variety of responses in Germany ranging from aston-ishment to stilled disinterest But the signs are that the bank's disclosures, which are headed by a 10 per cent holding in Allianz, Europe's biggest insurer, worth some DM3.07bn Humboldt-Deutz (\$1.67bn) at current stockmar-ket prices, will not spur a Heldelberger

institutions. In the past six months there has been so much written about the power of German banks and their equity holdings that there are no more secrets left," claimed Mr Peter Pletsch, an official from Commerzbank, Germany's third

string of copy-cat reactions

among Germany's other big

biggest bank.
"Almost all our stakes are known, as most are held through holding companies which have disclosed their participations, even those below the 10 per cent level, he added. "We have no 10 per cent stake in Allianz, unfortunately," he said. The reason behind Deutsche

Bank's sudden disclosure of its holdings stems from its decision to issue 1.2m new shares in Germany, worth around 25.24 25.08

Indirect holding

Hapag-Lioyd

DM800m, ahead of its Tokyo

listing.
The new equity, which comes within the limits of the bank's already authorised share capital, is for the first time not being issued with prior purchase rights for exist-ing shareholders.

As a result, German public equity offering rules require the bank to provide more infor-mation on its equity holdings than is covered by the statutory disclosure requirements. Less clear is how the bank's

stakes may have altered in recent years. However, 10 per

cent is the key trigger. While stakes above that level have to be included in a bank's capital ratios, a holding of exactly 10 per cent carries certain impor-

tant tax privileges.
Thus both Deutsche Bank, and probably other financial institutions, may actually have raised their stakes in some companies to the 10 per cent level following a change in German law, which made such tax breaks available to stakes of 10 per cent, rather than 25 per cent before.

By the same token, it is unlikely that the bank owns stakes of any substantial value below the 10 per cent level.

Meanwhile, reactions in some of the companies in which the bank has disclosed holdings were relaxed yester-day. At Münchener Rückversicherung (Munich Re), the world's largest re-insurer, the news received a relaxed recep-

"As we have registered shares, the holding was already known," said Mr Rainer Ku<diaresisppers, a spokesman for the company. However, the group's policy of not disclosing the names of its big shareholders would not be altered as a result of Deutsche Bank's revelation:

Nor did Munich Re, which is believed to be one of Ger-

many's largest institutional investors, intend to change lislong standing policy of not dis-closing details of its own investments in German compa-

At Allianz, which used to have a very close business relationship with Deutsche Bank before the latter's decision last year to set up its own life insurance operation, the bank's disclosure of a 10 per cent stake was treated cau-

tionsly. "I don't think anybody cares too much about it," said an official, noting that German groups would have to publish takes. of over 10 per cent under new European Commo nity laws to be introduced

from 1991.

Moreover, "having holdings at the 10 per cent level is hardly surprising in view of the tax breaks involved," the spokesman added. Any big spokesman added. Any big institutional investor which was looking at a sizeable long-term holding in a company might well aim for the 10 per cent figure. "If you go into anything above 5 per cent, the chances are you'll aim for the 10 per cent figure."

Did that mean that Allianz owned 10 per cent of Dentsche

owned 10 per cent of Deutsche Bank? "No comment," came back the rather predictable

#### Gemina seeks arbitration over Ambrosiano

By John Wyles in Rome

GEMINA, the financial holding company controlled by Fiat, is to seek arbitration in its dispute with the other controlling shareholders of Banco Ambrosiano over the acquisition by France's Crédit Agricole of 13.3 per cent of the Milan bank. Gemina had supported Generali, Italy's largest insur-ance company, in its bid to buy

a share package owned by Banco Popolare di Milano. In an unexpected move last Monday, a majority of Ambro-siano's controlling shareholders' syndicate voted instead the stake should go to Credit Agricole. Gemina says the syn-dicate's rules require unani-mous agreement on the entry of a new member and last Monday's decision was illegitimate.

## Bofors to sack 550 staff as army orders decline

By John Burton in Stockholm

BOFORS, the armameuts division of Sweden's Nobel Industries, yesterday announced it will axe 550 workers by next year due to declining orders from the Swedish armed forces. It is the latest in a series of

job cuts affecting Sweden's largest defeuce contractor, raising to 1,200 the total number of jobs being phased out between 1988 and 1990. The announcement is an indication of the growing prob-

lems within the Swedish defence industry, which is suf-fering from restricted defence spending at home and declining export orders. Although Bofors expects sales to climb from SKr5.3bn (\$829m) in 1988 to SKr6bn this

year, the increase is mainly

due to its acquisition in May of Philip's defence electronics operations in Sweden. Profits are expected to remain unchanged at around SKr270m while new orders are expected to fall from last year's level of SKr2.1bn.

owner of the insurance inter-

ests and now a 5 per cent shareholder in Navigation Mixte itself, is expected to be

crucial to the outcome of the

The main element in Naviga-

tion Mixte's resistance appears

to be a form of "Pacman defence" when a company rounds on its bidder. Although

analysts doubt whether Mr Fournier would be able to mount a full bid against Pari-bas, his company already owns

nearly 5 per cent of its shares and has around FFr11bu in

cash resources, enough to take

it to nearly 30 per cent.

Besides the political approval required because Par-

ibas is a privatised company, however, Navigatiou Mixte would need the agreement of the banking supervision authorities to go above 10 per

Some Paris bankers believe the aothorities would be unwilling to allow Navigation Mixte to become the principal

shareholder in a banking group so much larger than itself.

What worries Bofors execu-tives is the lack of new devel-opment projects from the vedish army. Bofors has been seeking several new programmes including a new generation of anti-aircraft missiles and the possible development of a lightweight tank. But Sweden's supreme com-mander recently warned that

the Swedish army will probably not be able to afford supporting the domestic development of these weapons.

### Securities trading income boosts Crédit Suisse

By John Wicks in Berne

CREDIT SUISSE reported a "very gratifying" earnings trend for the first three quarters of 1989, due primarily to a sharp rise in trading income. Mr Robert Jeker, president

of the Zurich Bank's executive board, said in Berne yesterday that, "barring unpleasant sur-prises," profits for the year as a whole should be significantly higher than those for 1988.

Ingher than those for 1988.

Last year, net earnings had gone up 7.6 per cent to a record SFr591.7m (\$369m). The bank, one of Switzerland's Big Three, paid unchanged dividends for the year of SFr108 per hearer share and SFr21.60 per registrated beauty.

A main contribution to nine-month profits has come from securities trading, with what tomer deposits went up by only are said to have been particu
2.8 per cent to SFr74.2bn.

larly good results in trading on own account.
All forms of commission income showed good growth over the period, with earnings from foreign exchange and pre-cious metals trading rising

considerably.

Profits on balance sheet operations have, however, not kept up with the marked expansion in total lendings.

Crédit Suisse's balance sheet total, of SFr116bn as of September 30, was up only 2.3 per cent over the level at the end of last year, a growth rate approximately corresponding to exchange rate movements.
While total lendings jumped within this total by 15.2 per cent to SFr68.6bn, overall cus-

## SKF result signals it may enter cyclical downturn

By John Burton in Stockholm

SKF, THE world leader in roller bearings, reported a 78 per cent jump in profit after financial items for the firstnine months of 1989, but its third-quarter results indicate it might be heading for a cyclical downturn. -

Profits during the first three quarters climbed to SKr1.78bn (\$278m) from SKribn a year ago while sales increased by 17 per cent to SKr18.46bn from SKr15.72bn.

But the third-quarter results could point to tougher times ahead. Sales in the third quarter fell by 12 per cent to SKr5.69bn from SKr6.46bn in the second quarter, while earnings fell by 7 per cent to SKr575m from SKr621m. SKF's good performance this year reflects strong demand

from European engineering commanies for rolling bearings, SEF's main product, account-ing for more than two-thirds of

its total sales.

Return on capital has also improved over the year from October 1988, to 21 per cent from 14 per cent reflecting the company's own efforts to increase efficiency.

SKF predicts that rolling bearing demand in Europe will

bearing demand in Europe will remain favourable, while demand in Latin America will continue to grow after a weak start to the year.

But it describes the US mar-ket as uncertain. Decreased production in the car industry is leading to lower demand in the US for roller bearings, in spite of favourable sales trends in other sectors there.

200

A MARKET STANDERS

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## INTERNATIONAL COMPANIES AND FINANCE

## Skase insists Qintex is solvent

By Chris Sherwell in Sydney

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MR CHRISTOPHER Skase, the entrepreneurial head of the Qintex television and resorts group in Australia, vesterday insisted his besieged empire was solvent and added that, with the support of bankers, it would meet commitments.
His belated announcement

last night came after another day without further detailed information on the true state of Qintex Australia, the group's operational arm, and its parent, Qintex Ltd, shares in both of which remained suspended on the Australian Stock Exchange.

The exchange, following Qintex's revelation of limited financial details earlier this week, has been seeking additional disclosures about the company's circumstances by effectively asking if it could meet commitments. Separately, Australian Rat-

ings, the local credit rating to more than A\$9m. agency, has lowered its rating on Qiniex Australia from BB minus to CCC, signifying uncertainty about its espacity to repay debts.
The National Companies and

Securities Commission (NGSC), Australia's sharemarket watch-dog, is also looking at the Qin-tex group's finances, including controversial payments made by Qintex Australia to a com-pany controlled by Mr Skase and senior executives for manand senior executives for management services and

The payments arrangement, which gave the services com-pany A\$32.6m (\$25m) in the year to July, was responsible for the resignation earlier this week of two independent directors, Mr Ted Harris and Mr Fred Davey. They apparently refused to approve additional payments, believed to amount

yesterday A\$40m of the pro-ceeds would be earmarked to fund the possible expansion of its European pallet hire opera-tion, called CHEP, into the US.

A decision on the move is

expected by March next year. According to a statement by

the company to the Australian

Stock Exchange, Allette and Cubitiere together held 11.7m shares in Brambles, acquired in 1985, and these are to be offered, on a one-for-18 pro-rata basis, to Brambles sharehold-

ers at A\$10 per share. This is below the year's low point of A\$10.30, and at a sub-

stantial discount to current

market prices of more than

Reports yesterday said Mr Skase would shortly be accept-ing the appointment of an offi-cial financial adviser from eccountants Peat Marwick Hungerford, as part of the arrangements being agreed with the consortium of bank lenders to Qintex led by Hong-

kong Bank. Mr Skase has, since Monday. been discussing the group's affairs with his bankers, law-yers and accountants, reinforcing public perceptions that the Quitax group's future is highly

The Stock Exchange demands have been for details about the group's profits, depreciation and cash flow. Earlier this week the group said its cash flow had been "negatively impacted" by more than A\$200m.

The exchange also enquired

A\$13. Brambles said the offer

would generate e once-off extraordinary profit after tax

The statement added Allette had also realised an after-tax

ordinary profit of approximately A\$43m on the sale of major investments in listed

companies since June. This

Regarding the proposed US expansion, Brambles said the establishment of pallet pools always involved start-up losses

in the early years. In the event

of it making a decision to com-

mence operations there, it would make a charge against ordinary profits of A\$40m.

made a total profit of A\$79m.

about a loan of US\$38m made to Qintex Entertainment, its 42 per cent-owned US arm, which last Friday filed for Chapter 11 bankruptcy protection.

We have difficulty accepting that the company would enter into a \$38m loan which is

unsecured, earns no interest, has no maturity date and no other terms applicable with another company other than a subsidiary," the exchange said. Australian Ratings, in its comment on the downgrading, said Qintex Australia "appears to have encountered some liquidity problems," because of higher interest rates, e weaker performance of its Mirage resorts as a result of the domestic pilots' dispute, delays in the A\$110m sale of two regional TV stations, and the

## Brambles to raise A\$79m

By Chris Sherwell

BRAMBLES, the Australianbased international transport and waste management group, yesterday announced that it would generate A\$79m (US\$61m) from a pro-rate share ofter and the disposal of share investments.

investments.

The raising is the result of its acquisition yesterday of the balance of shares in Allette Investments and its wholly-owned subsidiary Cubitiere investments, described by Brambles as "two associated companies" whose main activity is investing in securities of Mr Gary Pemberton, Bram-bles' managing director, said

Fujitsu 6.7% ahead in first six months

By Ian Rodger in Tokyo

FUJITSU, Japan's top computer maker, enjoyed a 6.7 per cent rise in pre-tax profits to Y50.2bm (\$356m) in the six months to September mainly because of a 4.7 per cent rise in sales to Y966.5bu. Net profit advanced by 17.5 per cent to

The group projects that its pre-tax profit for the full year will be up 17.5 per cent to

It said sales of computers It said sales of computers and other office muoniation related "equipment," which accounted for 70 jet cast of sales rose 5.4 per cent.

Sales of electronic devices, including 1 Mbyte memory chips, judiped 18.5 per cent.

These increases more than aff.

set slackening sales of telecommunications equipment, the company said.

Gakken profits advance 3.9%

GAKKEN, a large Japanese publishing house specialising in educational books and magazines, posted a 3.9 per cent rise in unconsolidated pre-tax profits for the year ended August 31 to Y7.26bn (\$51m) from Y6.96bn a year earlier, AP-DJ reports.

The company's performance improved partly because of increased domand for educational and other products in a generally expanding domestic demand. SA austerity measures slow OK Bazaars' sales

By Jim Jones in Johannesburg

**AUSTERFTY** measures which have intensified progressively since last year slowed sales and profit growth for OK Bazaars, one of South Africa's largest retail chains, in the half year to September 30.

Sales were particularly affected by hire purchase curbs and the directors expect a further deterioration in consume spending power as fiscal and monetary policies are tight-

ened.
The first half's turnover increased to RI Sbn (\$752n) in the six months to September 30 1989, from R1.71bn in the corresponding period of 1988. The African Breweries.

interim operating profit before interest and tax rose to R28.5m from R24.5m and the interim pre-tax profit was R16.3m against R14.5m. In the last financial year, turnover totalled R3.73bn, the year's operating profit was R67.1m and the pre-tax profit was

The first half's earnings rose to 63 cents a share from 55 cents and the interim dividend has been lifted to 33 cents from 29 cents Last year's full earnings were 195 cents; and the year's division was cents of Bazaars is controlled by South

## JVC rises 6% to Y11.6bn despite drop in sales

By lan Rodger in Tokyo

30, in spite of a 3 per cent drop in sales to Y300.6bn. The company attributed the

increase in profits to improved sales of high valued-added products, such as compact disc portable component systems, productivity gains and cost reductions.

The result was also affected mestic by a change in the accounting year end from March 20 to

PRE-TAX profits of Victor Company of Japan (JVC) rose 10 per cent to Y11.6bn (\$82m) in the six months to September March 31, making the current period slightly longer than the comparative period.

Net income rose 16 per cent

The company said overall sales declined because of stiff competition and lower product prices on video products. The domestic market

period slightly longer than the comparative period. Net income rose 16 per cent

accounted for 50 per cent of total sales and is expected to continue to be strong.

JVC is forecasting a pre-tax profit of Y24bn for the full

## Fanuc to expand in Europe

Luxembourg and a technical centre in Stuttgart, West Germany.

The two facilities will be run

by GE-Fanuc, the joint venture the Japanese company formed with General Electric of the US two years ago.

Mr Seiuemon Inaba, president and founder of the com-

pany, said yesterday that Fanuc had about 13 per cent of the European market for com-puter numerical control (CNC)

FANUC of Japan, the world's largest producer of machine share well behind that held by tool controllers, is planning to set up an assembly facility in Luxembourg and a technical centre in Stuttgart, West Germany.

The controllers is planning to share well behind that held by Siemens of West Germany.

Fanuc hoped to increase its share of the European CNC controller market to more than the controllers. 26 per cent, Mr Inaba said. The Japanese company has 70 per cent of the Jspanese domestic markst for CNC machine tool controllers and

just under half of the North American market. GE-Fanuc recently started the manufacture of controllers in the US.

Mr Inaha said he wanted the
facilities in Europe completed
no later than the middle of

1991. A date for beginning the projects is now being discussed with General Electric.

The joint venture with GE in controllers and factory automation, and one with General Motors in robotics agreed in

1982 were very important to Fanuc, Mr Inaba added. Fanuc, Mr mana added.

Fanuc, which is also the world's largest producer of robots, ahead of Asea Brown Boveri, amnounced earlier this week, record profits for the six months to December. Recurring profit was Y31bn (\$219m), up 35 per cent on the same period last year.

BASQUE COUNTRY The Financial Times proposes to publish this survey on:

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Floating Rate Subordinated Notes due January 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 26th October, 1989 to 26th January, 1990 the Notes will carry an Interest Rate of 15% % per annum. Interest payable on the relevan interest payment date 26th January, 1990 will amount to £192.98 per £5,000 Note,

Agent Bank: Morgan Guaranty Trust Company of New York London

## electronics groups soar By Stefan Wagstyl in Tokyo

computers.
Sales in consumer products dropped, due partly to overseas competition.

Sanwa Bank,

Toshiba Intends to launch ital investment.

of 12 per cent, Net profits were 22 per cent higher at Y55.5bm. For the full year, Hitachi forecast sales of Y3,500bm, an increase of 8 per cent, and pre-tax profits of Y220bm, up

tric rose 72.7 per cent to Y60.6bn on a sales increase of 12.3 per cent to Y1,151bn. Sales of data communications equipment and electronics devices grew 20.4 per cent to Y397bn, and in heavy electri-cal equipment turnover jumped 13.3 per cent to Y256bn. Sales of consumer

72,370bm, up 6.3 per cent, and pre-tax profits of Y135bm, an increase of 45 per cent. Mitsubishi is spending Y135bm on capital investment this year.

# Japan's top

termination of plans to merge Qintex Entertainment with

JAPAN'S three largest integrated electrical and elec-tronics companies yesterday reported record interim prof-its, which highlight the continning expansion of the Japa-nese electronics industry. The parent companies of

Hitachi, Toshiba and Mitsubi-shi Electric all increased sales and profits in the six months to the end of September. This was due to buoyant demand at home and overseas for electronics products, including semiconductors, motors and, in the case of Toshiba, laptop

Toshiba also announced plans for a Y410bn (\$2.9bn) fund-raising – the largest call on the capital markets ever made by a Japanese company, exceeding Y350hn worth of issues announced last week by

two domestic convertible bond mes, for Y150bn and Y100bn, both on November 14, and a \$1.2bn issue of Eurodollar warrant bonds on November 16. The funds will be used for cap-

The size of the fund-raising shows the scale of the investment impanese companies are making in electronics. Earlier this year, Hitachi raised 7250bn for similar purposes. Pre-tax profits at Hitachi

rose 16 per cent to Y196hn on sales of Y1,771hm, au increase

15 per cent. Toshiba's sales rose 8 per cent to Y1,463bn, pushing pre-tax profits up 68 per cent to Y100bn. Net profits rose 47 per cent to Y48.8bn.

Toshiba expects sales of semiconductors to be flat in the second half. Semiconducfrom Y275bn to Y335bn. The forecast total for the year is Y670bn, against Y600bn last year, so all the anticipated gain has already here made gain has already been made. Profits at Mitsubishi Elec-

goods fell 2.1 per cent to

For the current year, Mitsubishi expects sales of



Record earnings

Dividends up 26%

Successful R1.5 billion rights issue

Significant acquisitions

- Mobil Alusat

#### **PROFIT ANNOUNCEMENT** FOR THE YEAR ENDED 31 AUGUST 1989

12 mouths to 31 August. Earnings R million Per share\* cents Dividends\* cents 720 73.5 Net assets per At 31 August At 20 October 1989 1,210.6 1,124.0 819.2 EXTRACTS FROM THE CHAIRMAN'S REVIEW

The year under review was about as favourable a one from Geneor's point of view as one could wish. The attributable group result passed the R1 billion mark for the first time and represented an improve-ment in excess of 45 per cent on any previous twelve months on a comparable basis.

We acquired the leading position in two splendid companies during the year: Mobil - Southern Africa

Our purchase of 100 per cent of Mobil from its American shareholders represents more for the group than a good fit with our plans for the Energy division. Exciting additional opportunities have been created and by the time we have begun to take these it will be clear that Geneor's role in this particular acquisition is

In Alusaf we have at this stage only purchased a beneficial interest of 30.7 per cent but this is so positioned as to constitute us as the major shareholder. positioned as to constitute uses the major statement of in return for our participation in Alusaf we granted the sellers a 9 per cent participation in the fortunes of Samuncor on a basis which will not interfere in any way at any time with our control of that company.

Samancor itself has been enlarged and we think strengthened by taking over Gencor's chrome and ferrochrome interests. These were already being managed by Samancor, The Samancor shares taken by as in return mean that the group beneficial interest in as in return mean that the group beneficial interest in Samancor will in future be 43.6 per cent of which 2.6 per cent is held indirectly. This interest would have been higher but the Anglo American group wished to keep their shareholding at 25 per cent and thus purchased the necessary shares from us for cash.

Our 1989 results include the contributions of Samancor and Gencor's chrome and ferrochro-interests prior to all of the above arrangements a exclude any contributions from Alusaf and Mobil.

We launched an ordinary share rights issue, the terms of which were intended to be as attractive as possible to

our existing shareholders and raised R1.5 billion on a basis which apparently left everyone involved pleased with our initiative and the way it was carried out. His passant we eliminated the convertible debt and re issues and split the ordinaries ten ways; we now have a group with net assets of R14,236 million and no

Our mission statement is in the process of being digested and absorbed in all parts of the group. This is taking place in the context of the very decentralised

goals.

During the year we put the last major bits of the appropriate corporate structure in place with the recognition of Energy as a fully fledged division and with the creation of Genmin as an autonomous entity entirely responsible for all our mining, metal and mineral interests.

We are at the point in the economic cycle where superior management will be required to ensure that the less favourable conditions which are on their way are not allowed to make too severe an impact on the group's characteristics. Our budgets indicate that we can maintain our carnings per share on the share group's characteristics. Our budgets indicate that we can maintain our earnings per share on the share capital as enlarged by the one for five rights issue, While this would not represent real growth in earnings per share on a year by year basis it would consolidate the quantum leap we took this year and keep us on a good longer term real growth gradient. If our budgeted aim is achieved we should have no difficulty in increasing the dividend rate,

Divisional performance

The biggest contributor to our earnings increase was Samancor and its related businesses which rode the upsurge of chrome, manganese and their alloys to provide nearly two-thirds of it. We think this company provide nearly two-thirds of will do still better this year.

The bulk of the balance can be attributed to Sappi's excellent progress. We think their results in the current year will be up, but not by as much.

Large percentage improvements but off smaller bases were registered by platinum, coal and mineral sands. Taken together we look for at least the same contribution this year.

As good a management performance as any was that of the gold division which produced a maintained contribution notwithstanding many generally unfavourable external factors. Should these factors fail to improve another maintained contribution is the best that we can expect. Not having to compensate for a reduced contribution in this important area meant that Genmin could deliver a result close to double the

Malbak achieved a substantial improvement in earnmanar acmeved a successing improvement in earnings without enjoying any currency rate assistance.

The rise in industries' contribution to Gencor is lower
than in Malbak's own earnings as there was a measure
of disinvestment during the year through Gencor
selling certain of its holdings to Malbak for cash. We
expect a continued favourable development from expect a continued favourable development from Malbak in spite of more difficult conditions in a number of industrial sectors.

Lower surpluses realised on portfolio investment transactions and reduced profits from township development were the main reason for the decline in our earnings from investments. Although Genbel's recurring earnings improved, its contribution to General sections and the contribution to urpluses on investment transactions. Genbel's reposi-ioning exercise to make it Gencor's long-term partner in real growth gained momentum and its gain in asset value was most satisfactory. We expect an increase in its contribution to our earnings in the current year. The larger negative contribution for the Energy 25 October 1989

contribution from our Mobil purchase, oil and gas exploration expenditure of some R20 million and our decision to write off the full R27 million of expenditure incurred by Gencor during the year on the T-Project. We do not expect that the T-Project will proceed in the short in medium term.

We continue to show our financing costs on a gross basis even though we are now substantially in net surplus. Loan financing from reliable sources, at the present modest level, is a permanent feature of our

#### Attributable income

	12 months	to 31 Augus
(R million)	1989 	1988 (pro lectus)
Gold Platinum Coel Metals and minerals Exploration	159 91 36 443 (95)	160 66 5 179 (80)
Corporate Genuala Sappi	(57) 557 276*	(31) 299 193
Maihek Genbel and investments Energy	145 181 (29)	123 195 (7)
Corporate Financing costs	1,150 (23) (76)	803 (20) (63)
Gencer	1,051*	720

\*Excluding R49 million in respect of prior metre months not

interest payment

Final dividends in respect of the year ended 31 August 1989 of 220 cents per 40 cents ordinary share and 225,25 cents per convertible preference share and interest of 171.25 cents per convertible debenture were declared on 20 June 1989 payable on 30 November 1989 to the holders of shares a debentures registered as such on 30 June 1989,

Make: The above distributions are in respect of the actual number (L pre-communication and sub-division) of applicable capital humanicat di were in issue on the registration dose, A profit announcement giving more detailed in-formation will be mailed to shareholders. Copies may an mation will be mailed to shareholders. Copies may also be obtained from the London office: 30 Ety Place, London ECIN 6UA.

D.L. Keys -T.L. de Beer

Gencor Limited (Incorporated in the Republic of South Africa) Reg. No. 01/01232/06 General Mining Building

Johannesburg 2001 (P.O. Box 61820,

NOTICE TO THE HOLDERS OF



### Yamanguchi Pharmacentical Co., Ltd.

(the "Company") U.S. \$50,000,000

2¾ per cent. Convertible Bonds due 2000 Pursuant to the Trust Deed relating to the captioned Bonds,

notice is hereby given as follows:

1. The Board of Directors of the Company, on September 21 and October 2, 1989, resolved to issue 15,000,000 par value shares of common stock in registered form of the Company by public offering in Japan with the payment date being October 20, 1989, and determined an issue price of ¥3,764 per share. 2. Accordingly, the conversion price at which the above-

entioned Bonds may be converted into shares of common stock of

Dated 27th October, 1989

Yamanouchi Pharmaceutical Co., Ltd. 3-11, Nihonhashi-Honcho 2-chome, Choo-ku, Tokyo 103, Japan

U.S. \$100,000,000

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Collateralized Floating Rate Notes Due 1992

Interest Amount per

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29th January 1990

U.S. \$100,000 Note due U.S. \$2,284.72 29th January 1990

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NOTICE OF INTENTION TO REDEEM To the Holders of

THE COCA-COLA COMPANY

9%% Series A Notes Due November 26, 1992

NOTICE IS HEREBY GIVEN to the holders of the outstanding Notes described above (the "Notes") that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of November 26, 1985 and the Notes, The Coca-Cola Company has elected to and will redeem oo November 26, 1989 all of its outstanding Notes in the aggregate principal amount of \$99,715,000, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

redemption date.

Payments will be made on and after November 26, 1989 against presentation and surrender of Notes with coupons due November 26, 1990 and subsequent attached in lawful money of the United States of America, subject to applicable laws and regulations, only outside the United States of America at the main offices of Morgan Guaranty Trust Company of New York in London and Brussels, or at the main office of Swiss Bank Corporation in Basle, the main office of Ranque Générale Internationale du Luxembourg S.A. in Luxembourg and the main office of Canadian Imperial Bank of Commerce in Toronto. Payment at the above offices outside the United States will be made by check drawn oo a bank in New York City, or at the holders option, by transfer to a United States dollar account maintained by the payee with a bank located ontside the United States and its possessions.

United States and its possessions.

The coupon due November 26, 1989 is to be detached and collected in the usual manner.

On and after November 26, 1989 the Notes will no longer be ontstanding and interest thereon

Dated: October 27, 1989

THE COCA-COLA COMPANY By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal and Paying Agent

## Philips rises 41% on lower charges

By Laura Raun in Amsterdam

NET PROFITS at Philips, the Dutch electronics group, jumped 41 per cent to Fl 227m (\$109m) in the third quarter from Fl 161m a year earlier due to lower financial charges.

Per-share earnings jumped
33 per cent to Fl 0.84 from

"Philips is on the right course in which operating income and profitability are improving, enthused Mr H.H. Appelo, board member in charge of accounting, yester-day. "We have nearly reached

e new phase."
He noted that 11,800 johs
have been scrapped in the 21
months since Mr Cor van der
Klugt, chairman of Philips,

announced that up to 20,000 needed to be axed to restore profitability. Restructuring costs are expected to fall close to Fl 300m in 1990 compared to the F1 350m-400m this year, Mr

Appelo added.
He repeated Philips' earlier forecast that net incoma from normal business operations in 1989 would be "substantially higher" than last year's Fl 531m. Normal net income for the first nine months was Fl 647m. Mr Appelo said Fl 240m-290m in restructuring costs in the fourth quarter costs in the fourth quarter would be offset hy "special" gains from the sale of property in Paris. The sale of Hollandse

Signaalapparaten, a defence

telecommunications subsidiary, to Thomson CSF of France would be complete by the end of the year, he added. Extraordinary gains from the HSA sale, an earlier disposal of a defence electronics unit and the flotation of 20 per cent of Polygram could amount to around Fl 650m in 1989, eccording to securities analysts. Mr Appelo indicated that Philips would take book profits next year on other defence subgidiaries being sold.

sidiaries being sold. Operating income fell 16 per cent to Fi 592m in the third quarter from Fi 702m because of losses in integrated circuits and information systems.
All other husinessee

including consumer electronics, personal care products, industrial products and lighting - did well.

Sales were flat at Fl 13.6bn in the July-September period compared to the same period in 1988. The deconsolidation of major household appliances last year exerted some pres-

Net income climbed 37 per cent to FI 685m in the first nine months from FI 489m a year earlier, fuelled by smaller financial costs. Per-share earnings rose 34 per cent to Fl 261 from Fl 1.95.

Revenue edged up a modest 2 per cent to Fl 39.8bn in the nine months, from Fl 39bn.

# Dutch giant to spin off 20% of Polygram

By Laura Raun

PHILIPS of the Netherlands plans to spin off ebout 20 per cent of Polygram, its record company subsidiary, in an international equity offer that could raise more than Fl 1bn

The electronics giant said yesterday that it would seek a listing for the shares on the New York and Amsterdam stock exchanges. Philips dis-closed that it now owns all of Polygram, heving purchased the 10 per cent it did not hold this month.

Schneider

By George Graham

Operating profits doubled to FFT1.41bn, but much of this increase was caused by the

inclusion for the first time of

Telémecanique, the electrical connections manufacturer which Schneider took over last

This followed a long bidding

battle with Framatome, the nuclear plant builder which

has begun to diversify into the

electrical sector.

Excluding Télémécanique, operating profits would have shown a gain of 29 per cent.

However, the acquisition also

led to a surge in the group's financial expenses, which soared to FFr431m from

FFr74m in the first half of

The accounts also include

FFr102m of goodwill written

down, compared with FFr20m

in the first half of last

results should exceed FFr600m, after exceptional

financial costs as well as some

exceptional gains on the sale

of some non-strategic assets,

compared with FFr560m last

New Issues

Schneider said its full year

in Paris

Mr H.H. Appelo, board mem-ber in charge of accounting, refused to disclose further

details of the offer.

The flotation had been widely expected, following Polygram's takeover of two hig record compenies, worth around \$300m in total, in the past three months. Two years ago Philips planned to float 20 per cent of Polygram but the October 1987 world stock market crash aborted the deal. Prudential Bache Capital

were appointed joint lead managers for the ill-fated offer of lan shares.

Securities analysts expect

Polygram to earn around Fi 230m this year. That implies a market capitalisation of a market capitalisation of Fl 5.6bn on a price:earnings ratio of 20 — typical in the record industry, which has been swept by takeovers in the

Polygram is best known for its classical record labels such Prudential Bache Capital as Deutsche Grammophon, Funding and Merrill Lynch Decca and Philips. Its recent

acquisitions of Island Records and A&M Records have streng-thened its pop music reper-toire, which includes Casa-

toire, which includes Casablanca and Mercury.

Philips is enlarging Polygram to create a big, reliable source of software for its consumer electronic products, such as compact disc players.

Polygram expects sales of more than Fl 4m this year. It has a 15 per cent share of the world record market, including 45 per cent of the classical market.

chairman of the group and a leading Japanese industrialist,

## Tokyu 'in Bloomingdale's talks'

flat halfway By Ian Rodger in Tokyo at FFr280m

TOKYU Department Store, part of the giant Japanese transportation, retailing and leisure group of the same name, was said yesterday to be negotiating with Campeau of Canada to purchase Blooming-dale's, the US department store SCHNEIDER, the French construction and electrical engineering group, hes reported flat net first-half profits of FFr280m group.

Campean put the Bloomingdale's chain up for sale in Sep-tember to try to ease its severe cash flow problems and cut its

According to the Nihon Keizai Shimbun, Japan's leading business newspaper, Tokyu is leading a group of Japanese, US and European investors and is likely to reach agree-

ment early next month. Other large Japanese distrib-ntors were to be also interested in Bloomingdale's. Shares of Tokyu group com-

panies have been among the most active on the Tokyo Stock Exchange in recent days.
Exchange in recent days.
Tokyu Corporation, the parent
company, has seared from
Y1,980 (\$14.04) on October 5 to
Y2,740 yesterday, while Tokyu
Department Store rose from
Y2,080 to Y2,270 and Tokyu
Construction, from Y1,280 to Construction from Y1,350 to Y1,540 over the same period.
The group has been the subject of some epeculation in recent months since the death

of Mr Noboru Goto, the former

Dissension among family beirs over control has flared and some commentators have suggested the group could split p. The move for Bloomingdale's suggests the group may be

in March.

emerging from a period of paralysis, analysts say.

Our Financial Staff adds: Both Campeau and Tokyu Department Store declined to comment on the newspaper report that Tokyu and a group of U.S and European investors

## Strong year of growth for Tandem

By Karen Zegor in New York

TANDEM COMPUTERS, the US manufacturer of computer systems for transaction processing, reported yesterday strong fourth quarter and year-end earnings and reve-

Net income for the three months ended September 30 increased by 31 per cent to 239.4m from \$30.2m, on revenues which rose 19 per cent to \$456.2m from \$384.0m the previ-

Earnings per share grew 23 per cent to 38 cents from 31

Operating income in the quarter jumped 36 per cent to \$60.4m from \$44.4m. For the year, net earnings rose 25 per cent to \$118.3m from \$94.5m. Earnings per share improved 22 per cent to \$1.17 from 96 cents e year ear-

Revenues were up 24 per cent to \$1.63bn from \$1.31bn. Operating income for the year was up 25 per cent to \$184.3 from \$147.3m.

"We are very pleased with the company's performance in the fourth quarter," said Mr James Treybig, Tandem's chief executive. "The US continued to grow beyond our expecta-tions. International business also continued to grow. We believe we are very well

neitioned for the 1990s. W have an exciting product rol l-out coming this year. We contime to manage expense levels carefully, and remain cautious about currency fluctuations. We feel positive about the year

Sales at Ungermann-Bass, a computer networking company acquired by Tandem last year, posted record results, the Calif ornia company said. Tandem makes transaction

processor systems typically used by banks, airlines, mail-order companies and other husinesses that handle very large numbers of customer

## Merieux closes in on Connaught **BioSciences**

By David Owen in Toronto

ONE FEWER barrier remains to obstruct Institut Merieux's proposed (\$942m (US\$805m) takeover of Canade's Connaught BioSciences following a deal struck between the French serum maker and the University of Toronto.

Merieux has agreed to spend
C\$15m on veccine-related
research in Canada over the
next 10 years, if its C\$37 a
share bid for the Torontobased vaccines producer is successful.

The group has already agreed to provide a new CSSSM to CSASM biotechnology

As a result, the university intends to edvise investment Canada, Ottawa's investment review agency, that it will withdraw its objection to the French offer, which would create the world's largest vaccine

### **Pechiney** sells Paris head office

By William Dawkins

PECHINEY, the world's third largest aluminium producer, yesterdey announced the FFr2.76bn (\$442m) sale of its central Parisian head office to a group of French institutional

This is the latest indicator of climbing Paris property val-

Mr Jean Gundois, chairman of the state-owned commany, ordered the sale to help pay for last year's \$1hn pur-chase of American National

The group has also just started building a FFr4.5hn smelter near Dunkerque, northern France, following the resolution of a row with the Ruropean Commission over a cheap power deal with the French national electricity

Pechiney's head office at Rue Balzac is in the so-called "golden triangle" near the Champs-Rlysees, close to where the Shell oil group sold a building for FFr3.7bn last summer, ät FFr70,000 per

That compares with the FFr80,000 per square metre for which the Pechiney building is being sold. The buyers are Groupement

Foncier Francais, a group of insurance companies, acting with Nouveaux Constructeurs, a property group. Pechiney's 750 head office

staff will move early next year to a rented building in Paris new husiness district, La

## Compaq shares drop as it finds 'problem' with chip

By Roderick Oram in New York

THE SHARES of Compaq Computer tumbled yesterday after it reported a problem with e new computer thip from Intel that it plans to use in future machines, and third-quarter earnings at the lower end of analysis estimates. After the opening of trading

After the opening of training in its shares was delayed by heavy sell orders, the stock of the fast expanding personal computer maker dropped \$9% to \$99% on volume which made it one of the most active stocks traded in New York.

Intel's stock was also hurt by the news about its chip. Com-pag executives told analysts about the problem at a meeting in New York on Wednesday evening. The price fell \$1% to With Intel executives

addressing an analysts' meet-ing in California yesterday morning, there was no official confirmation from the company, a leading semiconductor

prohiem. Compaq said it discovered a flaw in the chip's computa-tional floating point feature during tests last Friday. The

chin will be at the heart of a new generation of personal

computers from many manu-

computers from many manufacturers including Compaq.

"You could just hear an audible gasp in the crowd when they made the announcement," said an analyst who attended the meeting.

Neither company immediately clarified how serious the problem was or what impact it would have on Compaq's plans to unveil new models that use the chip in 10 days' time. However, analysts felt that Compaq'e fourth-quarter shipments pag'e fourth quarter shipments would suffer and so downgraded their earnings fore-

For the full year, they are expecting the company to earn around \$8.50 a share, some 20

maker, on the nature of the cents less than before the news. Compaq reported a 36 per cent increase in third-quarter sales as it continued to boost its share of both the US

and European markets. Sales totalled \$683m against \$502m a year earlier.

Net income for the latest period was \$87m or \$2.02 a share, boosted by a \$13.7m pretax extraordinary gain, against a net of \$58m or \$1.40 last year. Nine-month earnings were \$254m or \$5.91 a share, including a pre-tax gain of \$9.7m, against a net of \$168m or \$4.06. Sales were \$2.1bn against

Sales were \$2.1bu against \$1.4bu.

The the US, Compaq's market share is at an all-time high of 27 per cent of retail sales," said Mr Rod Canion, president. In Europe, Compaq is also maintaining its number two position in the market behind IBM, he said. Sales outside the US accounted for 43 per cent of reseauce during the Guarter.

## Zenith computer arm in loss

makers.

ZENITH . Electronics has revealed that the computer business it agreed three weeks ago to sell to Groupe Bull of France has turned from a high flier into a loss-maker.

Moreover, the care televi-sion manufacturing hasiness which will be Zenith's mainstay after the divestment will report a smaller improvement in its performance this year than the company had forecast

only three weeks ago.

As the sole surviving USowned colour television maker, analysts are sceptical whether it can turn much of a profit by concentrating exclusively on the US competitive market dominated by global

The information came in the Chicago company's third-quar-ter results, which reported the performance of the television and computer businesses sepa-rately for the first time.

But major computer makers such as Compaq and Apple-bave emered the market for lap-top computers, once led by Zenith.

from computers of \$15m in the quarter against a profit of \$1m. a year earlier, and a loss of

\$20.1m for the nine months against a profit of \$9.8m e year earlier. Zenith's remaining husi-nesses of televisions, video

cassette recorders, monitors and electronic components turned in an operating loss of \$7.3m in the quarter against a Through most of the 1980s, profits from computers more than offset Zenith's heavy loss of \$1.3m a year earlier.
The nine-month loss was
\$17.8m against \$21m.
Interest and income taxes

Factors such as increased competition led to a net loss

resulted in a net loss from con-tinuing operations of \$9.1m in the quarter against a net profit of \$2m a year earlier, and in the nine months a loss of \$21m against a loss of \$18.5m. Sales were \$376.8m in the quarter against \$360.7m.

### Placer Dome puts oil and gas business up for sale

By Robert Gibbens in Montreal

PLACER DOME, Canada's largest gold producer, has not succeeded in finding a big North American gold producer to buy, but wants to sell its oil and gas business as soon as possible, says chairman Mr

Asking prices for existing producers are much too high, Mr Fell said after an address to Montreal analysts. Though we have a strong team running our oil and gas subsidiary, we don't really know the business

and it's for sale." Placer Dome has a cash hoard of C\$700m (US\$598m),

and some analysts claim it is a takeover target for several international mining groups.

The stock is widely held and the Caisse de Depot, the Quebec pension plan manager, is the largest single shareholder with about 5 per cent.

Mr Fell said Placer Dome has not received any approach from a global mining group. "It will take a great deal of money to buy control. Just imagine the political fall-out if a

Placer Dome, wants to expand in base metals/as well as gold in North America besides developing its global mining business, it is confident of reaching or exceeding its target gold output of 1.5m ounces by 1991, up from 1.1m ounces this year, despite some operational problems in Aus-

tralia and elsewhere.

Output at 61 per cent owned

Misima in Papua New Guinea
in the second half this year will be 160,000 ounces of gold and 1 lm ounces of silver at an average cash cost of US\$145 per

#### BCE to write down investment in property unit By Robert Gibbens

in Montreal BCE, Canada's largest holding company, will make a "sub-stantial" writedown of its investment in its troubled property subsidiary in the fourth quarter this year. BCE inc owns 67 per cent of BCED and analysts estimate a New York investment bank has revalued its assets-at around C\$1.75bn (US\$1.49bn), down about 20 per cent from the stated 1988 value. This would indicate that the BCE

C\$300m\_ BCE, parent of Bell Canada Northern Telecom and many other companies, earned C\$311m or C\$1 a share in the third quarter, up from C\$215m or 74 cents a year earlier, on revenues of C\$4.2bn against

write-down could be more than

## Enimont restructuring aims to calm fears

By John Wyles in Rome

yesterday to allay growing anxieties about its future by simultaneously announcing a new management structure and first-half profits that appear to

be on target.

However, the company looks
likely to run into another period of uncertainty if, as was widely expected in Rome last night, its chairman Mr Lorenzo ecci is nominated today by the Government as president of ENI, the state energy group which is part owner of Eni-mont with Mr Raul Gardini's

ENIMONT, Italy's chemicals joint venture between the public and private sectors, sought resterday to allay growing anxibat of Mr Franco Vieszoli, currently president of Enel, the state electricity authority, to the presidency of Iri, Italy's largest state holding company. Mr Gabriele Cagliari, e social-ist member of ENI's executive committee, has been tipped to

take over at Enimont. The chemicals venture has been wracked by internal tensions over the past few months, with managers divid-ing much along the lines of the two founding companies, Ent-chem and Montedison. Contro-

versy has surrounded Mr Anto-nio Sernia who, at Enichem, had been in charge of refining and aromatics, intermediates and crackers, and plastics and It was announced yesterday that these are now to be treated as three of eight sepa-

rate businesses around which Enimont will organise its activ-ities. Each is to be headed by a single manager. Mr Sernia has been appointed assistant responsible for chemicals to

The other five businesses are fibres, fertilisers, elastomers, detergents and fine chemicals.

Yesterday's statement said the company was on target to achieve its full-year budgeted net profits which are understood to be around L1,000bn (\$740m). First-half results pubiished yesterday reveal a gross operating profit of L1,400bn on revenues of L8,200bn and a net profit of L525bn.

Following a recent softening of base chemical prices, some analysts have doubted the feasibility of the company achiev-ing its first-year profits target. Recent statements by its man-agement suggest that the company will be relying on some asset sales to do so.

#### Food group chief resigns MR PIERRE Lortie has

suddenly resigned from his position as chairman and chief executive of Provigo, Canada's second largest food distributor after the George Weston Group, writes Robert Gibbens. A former head of the Mon-

treal Stock Exchange, Mr Lor-tie took over leadership of Provigo in 1985 and steered the company into diversification including catalogue merchan-dising and drug distribution. However, earnings have

Bankers Trust Company, London declined over the past two years, and the company now says it will develop its Cana-dian and US food distribution In the second quarter ended

August 12 Provigo posted a profit of only C\$200,000 (US\$170,940) against C\$16m or 18 cents a share a year earlier. The company would not reveal who will succeed Mr

Lortie. But several non-food subsidiaries are expected to go on the block quickly.

#### The Prudential Insurance Company of America U.S. \$500,000,000

Collateralized Mortgage Obligations

Principal Amount of the Bonds outstanding is expected to be

Series 1986-1 For the period 25th October, 1989 to 27th November, 1989 the Bonds will carry an Interest Rate of 9.2% per annum with an Interest Amount of U.S. \$198.78 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 27th November, 1989. The

47.140359% the original Principal Amount of the Bonds, or U.S. \$23,570.18 per Bond until the Thirty Fifth Payment Date.

## Notice of Redemption Commonwealth of Australia U.S. \$600,000,000 Floating Rate Notes Due 1998

NOTICE IS HEREBY given that in accordance with Clause 5(b) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding Notes at their principal amount on 29th November, 1989, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender

of the Notes, with all unmanued Coupons attached, at the offices of any of the Paying Agents mentioned thereon. Accrued Interest due 29th November, 1989, will be paid in the normal manner against presentation of coupon number 5 on or after 29th November, 1989.

Bankers Trust Company, London 27th October, 1989

Agent Bank

Citicorp Banking Corporation U.S.\$250,000,000

Guaranteed Floating Rate Subordinated Capital Notes Due July 10, 1997
Unconditionally Guaranteed on a Subordinated Rasis by
CITICORP

Pursuant to Paragraph (d) of the Terns and Conditions of the Notes notice is hereby given that the period in respect of Coupon No. 16 will run from November 13, 1989 to December 13, 1989. A further notice will be published advising Rate of Interest and Coupon amount poyable. October 27, 1989 Landon By: Chibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

October 26, 1989

## **Federal Farm Credit Banks** Consolidated Systemwide Bonds

8.375% \$1,010,000,000 **DUE FEBRUARY 1, 1990** CUSIP NO. 313311 UE 0

8.20% \$940,000,000 **DUE MAY 1, 1990** 

8.10% \$500,000,000 CUSIP NO. 313311 WB 4 DUE NOVEMBER 1, 1990 Interest on the above issue payable May 1, 1990, and at maturity

Interest on the above issues payable at maturity

Dated November 1, 1989

CUSIP NO. 313311 UK 6

**Price 100%** 

The Bonds are the joint and several obligations of the Banks of the Farm Credit System and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not obligations of and are not guaranteed by the United States Government.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks **Funding Corporation** 

90 William Street, New York, N.Y. 10038

This announcement appears as a matter of record only.

The Farm Credit System

by 16% in third quarter By Robert Gibbens

in Montreal

Imasco rises

IMASCO, the tobacco products, financial services, fast food and retailing group controlled by BAT Industries of the UK, boosted profits by 16 per cent in the third quarter and 18 per cent in the third quarter and 18 per cent cent in the first nine

Third-quarter earnings totalled C\$103.5m (US\$88m) or 81 cents a share, up from C\$88.9m or 71 cents a year ear-lier on revenues unchanged at

Nine-month profits were C\$248m or C\$1.93 a share, up from C\$210.8m or C\$1.67 on revenues of C\$4.1hm against All segments contributed better results. The Peoples Drug Stores subsidiary in the US continued its

recovery while the US fast food division on an operating basis improved profitability in a highly competitive mar-Tobacco products remained the biggest single contributor to Imasco's profits.

The company holds a more than 50 per cent market share The fourth quarter should continue these trends, the com-

pany said.

BANQUE NATIONALE DE

USE 250,000,000 Floating rate notes due 1997 applicable Interest rate for the Interest period from 24/10/89 up to 24/01/90 as determined by the Reference Agent is 812 per cent per annum namely USD 2,284,08 per bond of USD 100:000

#### INTERNATIONAL CAPITAL MARKETS

### Swiss vote for single electronic exchange

By Rachel Johnson

THE three Swiss stock exchanges have voted to link up to a single electronic exchange in a move planned to keep Switzerland in the vanguard of the campaign to computerise trading in international markets.

tional markets.
Fixed rate bond trading will be transferred to a national electronic system costing electronic system costing SFr3Sm (£13.8m) by the summer of 1991. The Swiss are still debating whether to replace their regional exchanges — in Zurich, Geneva and Basle — with one national electronic archange for all securities. exchange for all securities

trading.
The Association of Tripartite
Bourses, project co-ordinator
for the exchanges, was responsible for evaluating the possible benefits of the system.
With the authority and co-oper-With the authority and co-operation of exchange members, it came up with the "EBS solu-tion" to deal exclusively with bonds to begin with.

All three exchanges declared themselves to be in favour of the system, although some board members on the exchanges expressed their

antagonism to electronic exchanges earlier this year.

The association is poised to sign a contract so work can start in November. It will be carried out as a joint venture between Arthur Andersen, the management consultants, and Logica, the computer software

company.

The detailed specifications of the new exchange are to worked out in the next few months. Particular attention will be paid to the details necessary for exchange members to plan their own interfaces into the EBS system.

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The vote for another electronic exchange underscores Switzerland's intention to remain in the forefront of the computer revolution. Soffex, the Swiss Options and Finan-cial Futures market, which opened in 1988, was the first in the world to offer fully—elec-tronic services from trading to tronic services from trading to

clearing Despite technical problems during hardware adjustment on Soffex last summer — and the paralysis of the French and Belgian central dealing systems during the past fort-night's "mini" equity market crash — the planned computerisation of bond trading shows a continued confidence in fully - electronic exchanges

#### SEC approves stock market stabilisers

By Janet Bush in Washington

THE Securities and Exchange Commission has unanimously approved a revolutionary new product and market structure developed by the New York Stock Exchange which will allow institutions to buy and sell the entire Standard & Poor's 500 Index in a single trade. The NYSE started trading the product on Wednesday

The commission voted four to one on Wednesday to approve the NYSE's exchange stock portfolios as well as a similar product proposed by the Chicago Board Options Exchange based on the S&P 500 and 100 indices and a pro-posal by the Mid-West Stock Exchange to trade non-standard portfolios in an after

The most innovative of the three products is the one devel-oped by tha NYSE. The exchange has also designed an entirely new trading arena in which to trade baskets.

The potential impact on NYSE trading could be enormous as programme trading will be able to be done at arm's length from the rest of the

if the new product becomes widely traded as it is expected to do, the NYSE and the SEC hope that the wild swings of the last two weeks as waves of programme trades hit the floor of the exchange will be a thore

of the exchange will be a thing of the past.

As things stand, an order to buy or sell all 500 stocks in the S&P 500 is entered into the Superdot electronic order sys-tem and then split into 500 sep-arate orders which hit the floor of the NYSE simultaneously.

Exchange stock portfolios will allow an institution to buy and sell the entire index in a

single trade.

The SEC believes that the system will be more efficient, will involve lower costs and, most crucially, meet the increasing desire of institutional investors to carry out efficiently indexed or passive

investment strategies.

These seek to track a major index such as the S&P 500 rather than individual stocks and the NYSE's new product should help them to do this

more easily.

The NYSE is geared up to start trading in the new product. It has agreed to a review of three specific rules in about

## **US** Treasuries edge up as **GNP** shows modest rise

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved marginally higher yesterday morning after release of preliminary data for third-quarter gross national product (GNP), which showed continued modest growth up to September but pointed to a weaker performance in the last three months of this year.

#### GOVERNMENT BONDS

Bonds showed no dramatic reaction to the figures. The Treasury's benchmark long bond was quoted % point higher at mid-session for a yield of 7.87 per cent.

The Commerce Department reported 2.5 per cent GNP growth in the third quarter, exactly in line with expects.

exactly in line with expectations, and compared with an unrevised 2.5 per cent rate of growth in the second quarter. Both the implicit price defla-

tor and the fixed weight index provided evidence of lower than expected underlying infla-tion in the third quarter of 29 per cent in each case compared with 4.6 per cent and 5 per cent in the second quarter respectively.

Growth in the third quarter was boosted by a healthy gain in consumption spending, pri-marily because of a high level of car sales. However, a build up in inventories suggested that manufacturing industry would cut production and employment in the fourth

quarter.
The Fed yesterday drained liquidity from the banking sys-tem through four-day matched sales while Fed funds were trading at 8% per cent, the Fed's perceived target.

JAPANESE government bonds continued their gradual downwards drift of the past week, and closed lower amid relatively light trading.

SWIRS FRANC STRAIGHTS

Worse US gross national product figures for the third quarter undermined investors' confidence as the uncertainty over the Federal Reserve's funding policy continued. The December future closed at 104.47 as against 104.70 on Wednesday, after its opening

point at the day's highs, after ICI reported a drop in year-on-year profits of £306m. "The market was encouraged by the continued signs of recession, and the ramifications of the ICI results, I'm sorry to say," said a trader. Gilts rose 14 ticks after

		Coupon	Red	Price	Change	Yield	Week	Monti
UK GILT	S	13,500 9,760 9,000	9/92 1/96 10/08	105-05 95-04 95-16	+2/32 +7/32 +5/32	11.34 10.43 9.52	11.70 10.60 9.81	11.47 10.54 9.55
US TREA	SURY .	8.000 8.125	8/99	100-28 102-27	+2/32 +3/32	7.87 7.87	7.98 7.99	8.34
JAPAN	No 111 No 2	4,600 5.700	6/98 3/07	95.3387 104.4727	-0.168 + 0.190	5.39 5.21	5.32 5.22	8.18 5.08
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NETHER	ANOS	7.250	7/99	98.8000	-0.050	7.42	7.44	7.28
AUSTRA	JA.	12.000	7/90	91,4802	+0.498	13.60	13.64	13.42

ices: US, UK in 32nds., others in decimal

at 104.61. Contracts worth Y54,604 trillion (million mil-lion) were traded.

Yields rose as a result of the poor tone in the market, as yen bonds failed to benefit from the loss of confidence in the equity markets in the US. The yield on the Benchmark No 111 rose to 5.380 per cent from 5.340, after opening at 5.365.

Dealers remained bearish and some suspected that the official discount rate might be raised to a point alightly above its present levels on short-term There was an auction of 40

per cent of Y500bn of 10-year bonds, producing an average yield of 5.163 per cent and an average bid price of 99.58.

■ THE UK government bond bonds or hills of the central market moved up by half a bank.

lunch after traders had waited for the company's results "eagerly" all morning. The Benchmark Treasury 11% stock due 2003/07 fell below the key 10 per cent yield level to 9.90 at one point, and moved up a quarter of a point in price to 112%.

bank sold 300bn Turkish lira of one-year bonds at a much lower average yield of 51.61 per cent than the last one year auction. In September. TL 400bn was sold at a much higher yield of 57.43 per cent. The high demand for govern-ment bonds and the resulting low yield are due to the liquid-ity ratio, under which banks have to hold 25 per cent of their total deposits as state

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest intere	nation	ai bon	ds for	which ti	bere is	an adequate secondary market.	•
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Elec De France 514 97	300	905	964	0 +04	7.34 7.29	Chelt & Glowcester 94 E	30/11 14.0
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MINISTER CHART CAN THE MAN AND THE CHART CAN THE CHART CAN

† Only one market maker supplied a price

traight. Bonds: The yield is the yield to redempt loo of the mid-price; the amount issued is in millions of currency earls except for Yen bonds where it is in billions. Change on week = Change over price a week earlier, loating Rate Notes: Desominated in dollars unless otherwise indicated. Corpon shows is minimum. Cate = Date earl coupon becomes effective. Spread = Margin above six-month offered rate (otheremonth); subove mean rate) for US dollars. C.con = The \_carrent\_compon.

coupon.

Overtible Bosds: Describinated in dollers unless otherwise Indicated.

Chp. day = Change on day. Can date = First date of corression into shares. Can, price = Nominal amount of bond per share expressed recurrency of share at conversion rate theel at issue. Prem = Percentage price of equilibrium of the current effective price of equilibrium shares via the bond over the most recent price of the shares.

FINANCIAL TIMES CONFERENCES

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Madrid, 6 & 7 November 1989

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#### NOTICE OF REDEMPTION SCOTIA MORTGAGE CORPORATION Con \$100,000,000 9%% Medium Term Adjustable Notes Due 1991

To: All Noteholders
NOTICE IS HEREBY GIVEN that Scalin Mertgage Corporation will recleam on December 4, 1989 all of the outstanding Can \$100,000,000 994% Medium Term Adjustable Notes due 1991 at the principal amount thereof. Coopera which mature an or prior to the date fixed for redemption should be detached and surrendered for payment in the usual manner, interest on the Notes will cause to accrue from and other the date fixed for redemption.

other the data fixed for redemption.

The redemption price on the Notes will be payable on December 4, 1989 and at any fixed within the prescription period, as stated in condition 10 endorsed on the Note certificate, on presentation and surrender of the Notes together with all unschured Coupons appartaining thereta maturing after the date fixed for redemption at the office of any of the Poying Agents specified below.

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NOTICE TO THE HOLDERS OF WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF



#### Yamaneucki Pharmacentical Co., Ltd.

(the "Company") issued in conjunction with U.S. \$100,000,000 1% per cent. Notes due 1992 and issued in conjunction with U.S. \$300,000,000

3% per cent. Notes due 1993 Pursuant to the respective Fiscal and Warrant Agency Agreements dated 20th July, 1987 and dated 2nd June, 1988 for the captioned Warrants, notice is hereby given as follows:

1. The Board of Directors of the Company, on September 21 and October 2, 1989, resolved to issue 15,000,000 par value shares of common stock in registered form of the Company by public offering in Japan with the payment date being October 20, 1989, and determined an issue price of \(\frac{1}{4}\)3,764 per share.

2. Accordingly, the respective subscription prices per share at which shares of common stock of the Company may be subscribed for by way of exercise of the captioned Warrants is adjusted with effect from October 21, 1989. Japan time. The subscription price in effect prior to such adjustment of the Warrants issued in conjunction with U.S. \$100,000,000 1½ per cent. Notes due 1992 was \$3,950,90 per share of common stock, and the adjusted subscription price is \(\frac{43}{3}\),948.40 per share of common stock. The subscription price in effect prior to such adjustment of the Warrants issued in conjunction with U.S. \(\frac{5}{3}\)300,000,000 3% per cent. Notes due 1993 was \(\frac{4}{4}\),007.30 per share of common stock, and the adjusted subscription price is \(\frac{4}{4}\),004.70 per share of common stock.

Dated 27th October, 1989

Yamanouchi Pharmacentical Co., Ltd. 3-11, Nihoubashi-Honcho 2-chome, Chne-ku, Tokyo 103, Japan

## Notice to Warrantholders

Can \$75,000,000 125/% Notes dua 1989

TCPL Resources Ltd

75,000 Warrants to purchase Can \$75,000,000

12%% Notes due 1994 Payment of principal and interest unconditionally and irrevocably guaranteed by

#### TransCanada Pipelines Limited

NOTICE IS HEREBY GIVEN that, in accordance with the provisions of the Globel Warrant, the last day for deposit of Warrant Exercise Notices with Euro-clear or, as the case may be, CEDEL will be November 29th, 1989, being the fifth business day prior to December 6th, 1989.

Desect: October 27th, 1989

Warrant Agent ORION ROYAL BANK LIMITED Amember of The Royal Bank of Canada Group



Tel: 01-828 7233 AFBD member



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## World Bank to bring bond issues in three currencies

By Stephen Fidler, Euromarkets Correspondent

THE World Bank made its presence felt yesterday in three currency sectors of the international bond market, bringing issues denominated in sterling,

Swiss francs and yen.
In Euroeterling, Baring
Brothers won the bidding for a £100m transaction, proceeds from which are being swapped into floating rate D-Marks. The issue, which hit the market before news of the British Chancellor's resignation, reopened and doubled in size a bond issue it originally brought on August 1.
The latest tranche of the

new issue, maturing in August 1994 and carrying a 10% per cent coupon, was priced at 98.6 plus accrued interest. A small group of three British houses was invited to be co-lead managers, allowing Baring to exert more discipline over the selling group, to whom it strongly suggested a reoffer price of 97.1

plus accrued. The bonds, with fees nominally set at 1%, came at 63 basis points over the 10 per cent Gilt of 1994. This compares with 46 basis points for the original tranche, which was trading at 59 over yester-day morning before the launch. It gives an indication of the way yield premiums have widened recently, even for the highest quality borrowers.

Although a handful of bonds were offered outside fees, the issue appeared to be reasonably well received, the lead manager saying that half of its bonds had been sold by late

afternoon However, the Bank's foray into the Swiss franc market, which has been quiet of late, was not well received. The 10year issue carried a 6 per cent coupon and a 101% issue price, and was brought by Credit Suisse. The SFr100m issue can be raised to SFr150m, but it took a discount of 2 percentage took a discount of 2 percentage points to the issue price to bring in demand. The only borrower to bring a straight dollar issue was Kyushn Electric Power, the latest, but not the last, of a number of Japanese

#### INTERNATIONAL BONDS

borrowers to take advantage of fairly favourable swap rates. The \$200m issue, through Yamaichi International (Europe), carries a seven-year maturity and an 8% per cent conpon with as 101% issue price. Yamaichi and IBJ International underwrote \$63.25m each of the issue with a further 21 underwriters underwriting

The yield spread above US Treasury paper - 77 basis points on a semi-annual basis was more generous than for earlier similar deals, which were not enthusiastically received. However, the earlier deals have subsequently weakened in price and the conse-quent enhancement in yields made the Kyushu deal look less than generous. The deal

ended the day at a discount equivalent to its 1% per cent es, but at various times over the day, brokers had been quoting at a deeper discount and the support of the lead manager eppeared to have

been necessary.
Some syndicate managers feel the Japanese houses have not managed the latest string of dollar-denominated deals very well. With an opportunity to enhance the market reputations of Japanese borrowers, which should appeal to investors as almost free of the event risk which plagues corporate borrowers from other countries, the firms have failed to do so. Presumably, they have bowed to pressure from bor-rowers and tried to extract the finest possible terms, making a fixed-price reoffering impossi-

hie to manage. "We have been unable to persuade our clients to use a fixed-price reoffering," said one syndicate manager.

in the equity warrant mar-ket, Toshiba Corporation, the electric machinery maker, brought a \$1.2bn, four-year deal through Nomura Interna-tional with an indicated conpon of 3% per cent, in line with recent levels on four-year paper. The bonds jumped to a premium, quoted at 103% bid late yesterday, benefiting from the Tokyo Stock Market's buoyancy yesterday and from a perceived shortage of securities in dealers' hands. It is the largest issue of its type since the early days of the month.

Barrower	Amount m.	Coupon %	Price	Materity	Fees	Blook rustner
US DOLLARS Toshiba Corporation♥ Kyushu Electric Power(f)♥ Hanwa Co.(e)♥♥	1.20n 200 800	(34) 87 37	100 101 % 100	1993 1995 1994	24/12 13/14 24/12	
STERLING World Bank(g)	100	10%	98.e	1994	13/14	Baring Brothers
AUSTRALIAN DOLLARS Cr.Lyonnais Australia(f) ◆	50	1614	102	1992	11271	Hambros Bank
LIRE Cr.Suison (Gibraltur)(f)◆	100bn	125	101.46	1983	158/114	B.Nazionale del Levoro
SWISS FRANCS World Bunk(a) Nippon Air Brake Co.(b) *** Mandom Corporation(c) *** §	100 140 80	6 14	101 4 100 100	1990 1964 1984	114 115 115	Gredit Suisse Yamaichi Bank (Switz) Nomura Bank (Switz)
YEN World Bank(d)♠◆	1060	(0)	10112	1994	158/13	LTCS tot.

FT-ACTUARIES SHARE INDICES

#### LIT faces loss on UAL options Brazilian **futures** By Katharine Campbell markets broadly equivalent to owning the weekend ran contrary to ica, had been placed under the stock, before the Friday 13 the firm's credit control review, and that Shatkin A BREAKDOWN in internal risk management procedures governing the activities of three options traders with posi-

By John Barham in Sao Paulo

to reopen

BRAZIL'S stock index futures and options markets will be allowed to reopen from today,

inding a four-month suspendon.
The National Monetary Council, a government body that legislates on financial affairs, sanctioned the return of the markets under tighter regulations designed to pre-

vent the price manipulation and rampant speculation that led to their closure.

The authorities closed the markets in June after Mr Naji Nahas, a wealthy local speculator, provoked a share price collapse by falling to honour debts to the market. Mr Nahas has gone into hiding. He is wanted by the police on charges of manipulating share

The council approved new regulations drawn up by the Comissão de Valores Mobiliários (CVM), the capital mar-kets regulator, after exhaustive negotietions with representatives of the finan-cial sector.

Mr Fernando Carramaschi, a leading stockbroker, said: We are not happy with all the reg-ulations, but we are pleased that the markets are reopening. They are vital hedging instruments and are especially important now that we are in a very important political and economic situation." Brazil is to hold its first presidential elections in 29 years as infla-

Trading volumes on the volattle options market were often greater than in the main equities market, provoking wild swings in share prices. Banks willingly financed spec-ulators to the hilt, usually with the exchanges' approval. The new rules restrict trad-

ing volumes on the futures and options markets, impose stiffer margin requirements and curb traders' access to credit. Concentration of futures contracts and options series in a few hands will be

All trading will be examined once a week by external auditors, who will report directly to the CVM, undermining the exchangus' autonomy.

October announcement that the financing of the US airline's management buy out had fallen through. The option is traded on the floor of the Chicago Board Options Exchange the world's largest options

The problems arose in the company's US futures and The traders were allowed by LFT, their clearing agent, to hold the positions not only through Friday's \$50 fall in the options brokerage and clearing operation, LIT America, as a result of the US stock market's stock price to \$230, but also through the further drop the following Monday to \$194. Mr Castleman said the decisharp fall two weeks ago. Mr Christopher Castleman, the recently appointed chief executive, said the three trad-ers had sold "naked put" sion to allow the traders to options in UAL, e strategy carry enormous positions over

systems. He noted that the market-makers had massively exceeded the size of positions

they normally carried.

By Monday evening, the traders were unable to meet the margin payments demanded by the clearing house, forcing LIT to pay on their behalf. It will now seek to recoup losses from the traders. It is understood none of the three owned seats on the

exchange.

Mr Castleman said the senior managment of Shatkin Investment, one of four clearing divisions within LIT Amer-

Investment had been subsumed into another division. Criticising the firm's earlier drive for "quantity not quality" — having almost doubled in size in the last year, it now clears for 1,700 independent traders worldwide — Mr Castleman said the firm would pursue a much more selective policy in future as well as tightening its risk control pro-

cedures LIT Holdings made a pre-tax profit of £6.1m in the first half of the year. It now says it does not expect to pay a final divi-

## Old Lady glows after Ecu launch

Katharine Campbell on the start of trading in European futures

TRADING IN the new Ecu deposit future was off to a modest start on the London International Financial Futures Exchange yesterday --in the FT-SE futures pit.

tions in UAL stock has forced

LIT Holdings, the transatlantic financial services company, to

say it expects to make e loss in the second half of the year.

There was a certain symbolism in the fact that the con-tract that marks for Liffe the. "second plank" in its European strategy should find a home, for the first 30 minutes of trading, by brushing aside a domestic product.

It is at least partly because of the overwhelming - and unexpected - success of its foray into D-Mark contracts over the last year that the exchange has so dramatically outgrown the confines of the Royal Exchange and its own internal systems that locating a position on the floor for a new contract is a major head-

But the second assault on the European market will be a good deal harder going. There have been plenty of acepticism surrounding the introduction of the three-month Eca prod-uct. Ecu currency products have been a dismal failure on US exchanges. More impor-tantly, an illiquid cash market, is hardly the most propitious start for a successful futures

Yesterday, a total of 2,030 contracts, representing a notional value of Ecu2.03bn, were exchanged. But about half of those were traded within the first hour, and deal-ers were saying they would be



Eddie George: Ecn may become European currency

watching carefully how vol-

Mr Mario Cocco of San Paolo Bank, one of three firms which has committed to make mar-kets for six months in the product, said: "If we settle down to an average of 1,000 contracts a day that would be an acceptable market."

Bank of England officials were glowing at yesterday's launch at what they see as a further important plank in their crusade firmly to establish London as the centre of Ecu trading.

Mr Eddie George, executive director of the Bank of England, said: "We (in London) now have all the main market

structures necessary for the development of financial and commercial transactions in the Ecn. which is certain to become of increasing impor-tance and which may even one day ultimately become the

European currency."
Since the Bank's bold step a year ago to create an Ecu Treasury bill market in London, outstandings of UK govern-ment Ecu-denominated short-term debt has risen to Ecu2.6hm, and the central bank is known to be keen to expand its programme, particularly as other participants come into

the market.
Asked if the Bank would be using the futures contract in its own money market dealings, Mr George replied wryly that the Bank "reserved the right to deal in all markets."

So far, London has, as the Bank would like, the largest share of the Ecu banking mar-ket. While the UK e share was 29 per cent, according to Bank of England figures at the endof June, Paris came a close sec-ond, with 24 per cent.

But the pie itself is small.

Ecus account for just 2.5 per cent of external lending. There

are a few active players — at the Belgian Kredictbank the Ecu deposit book is second in size only to the dollar book. And the idea that a futures confract can itself create the catalyst for the development of the underlying cash market is substantially untested.

As for further developments

in the European strategy, Mr David Burton sais yesterday that systems and space constraints would cramp the exchange's style until they moved to a new building.

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Terms and conditions of a lease of the floor of the International Stock Exchange -alongside the London Traded Options Market - are virtually complete, but the three parties are still discussing how the tasks and costs of a massive refurbishment of the premises will be split. An announcement is expected in the middle of November, and Mr Burton said he hoped the exchange would move in the fourth quarter of

next year. Before then, the exchange plans to squeeze in an option on the recently introduced Euromark future, but Mr Burton suggested that any other new European contracts before the move might more appropriately be introduced on APT. the automated pit trading system Liffe will switch on, initially for restricted after hours trading, at the end of Novem-ber. "A short-term Spanish peseta contract, for example, might trade rather well in that environment," he said. As well as being a vehicle for

after-hours trading, APT is viewed as a suitable medium for trading less liquid contracts during normal business hours. A blot on the European horizon for Liffe is Matif, the much newer but in some months bus-ier French futures exchange.

#### LONDON MARKET STATISTICS

EQUITY GROUPS		Thursd	ay Oct	196d 044 25	flue flut 24	Mon Ga 23	(approx)			
& SUB-SECTIONS			Est.	Gress Div.	Est. P/E	wd adl				
Figures in parentheses show number of stocks per section	Ma.	Day's Change	Earnings Yield% (Max.)	ACC TO ACC TO AC A ACC TO ACC TO ACC TO ACC TO ACC TO AC ACC TO AC ACC TO AC AC AC AC AC AC AC AC AC AC AC AC AC	Ratio (Net)	nd adj. 1989 to date	Index No.	Index No.	ladex No.	ladex No.
1 CAPITAL 60003 (208)	857.83	-1.2	12.94	4.94	9.46	27.62	162,41	862.96	881.87	817.4
2 Building Materials (29)	1008.46	-1.3	15.62	5.50	7.97	35.78	1021.47	1820.41	1838.54	1949.4
3 Contracting Constructing (37)	T346.72	-1.8	18.12	5.72	7.25	51.75	1371.41	1374.37	1402.47	1594.1
4 Electricals (10)	2472.04	-1.5	11.17	5.03	11.26	68.96	2514.64			
4 Electricals (20)	11710.75	-4.2	9.43	3.85	13.37	49.22	1915.22	1872.80		
6  Wechanical Engineering (54)	460.35	-1.5	12.15	4.87	10.01	14.38	463.76	467.79	475.E7	
8 Metals and Metal Forming (6)	447.02	-43	23.00	4.70	4.79	15.15	448.47	447.39	452.81	494
9 Motors (18) O Other Industrial Materials (24) 1 CONSUMER GROUP (184)	359.19	-15	11.34	4,95	18.34	9.97	355.43	352.37	355.35	257.3
O Other Industrial Materials (24)	[1591.96	-1.5	10.37	4.79	11.38	51.93	1615.76			
1 CURSUMER GROUP (164)	1774	13	9.05	3.63	13.45	26.91 28.11	1223,54 1481,02	1221.42	124L42 1415.59	1149.4
E Food Manufacturing (20)	1076.00	-13	9.45	3.97	13.30	25.28	1894.45		1155.32	778
5 Frood Manufacturing (20)	2304 02	-2.0	9.47	3.84	14.57	43.00	2351.45			
7 Useleh and Household (14)	2334 53	-0.9	640	2.45	17.81	39.12	2357.12	2345.80	2383.41	
9 Leisure (34)	7514 61	-17	8.62	3.79	14.38	37.26	1548.44		1568.74	
1 Packaging & Paper (1.5)	530.82	-0.2	11.27	4.90	11.06	16.17	5314	524.96	533.55	552
2 Publishing & Printing (18)	3463.58	-0.2	9.20	4.93	13.96	105.93	3462.22		3485.34	
2 Publishing & Printing (18)	752.92	-1.9	11.37	4.87	11.43	18.59	767.88	763.03	775.61	771.2
5[Text] les (14)	514.67	-0.7	11.11	5.71	10.92	15.74	513.26	512.83	514.34	523.1
(1		-1.5	10.79	4.71	11.23	· 27.47	2108.26	1102.47	1224.98	929.4
1 Agencies (17)	1481.73	-6.1	7.12	2.44	17.32	25.00	1482.68		1495.39	1945.
2 Chemicals (22)	1162.55	-3.9	12.91	5,34	9.33	43.60	1209.95	1196.56	1209.51	1971.
3 Conglomerates (13)5 Transport (13)	1545.69	( -2.0	11.45	5.55	10.65	36.04	1578.63	1576.34		
5 Transport (13)	2076.54	-1.4	10.65	4.47	12.00	56.50	2124.58		2147.12	
7 Te)ephone Networks (2)	1077.87	-1.2	11.25	4.51	11.59	22.38	1891.64			981
8 Miscellaneous (26)	1769.12	-1.6	9.43	4.65	11.44	44.74			1837.75	
9 INDUSTRIAL GROUP (485)	1099.66	-14	10.55	4.27	11.78	22,00	1115.58	1109.02	1128.39	387.
1 OII & Gas (15)	2095.24	-1.4	1934	5,41	12.78	87.50	2123.92	2118.64	2154.72	2733.2
9 500 SHARE INDEX (500)	1183.39	-1.4	19.52	4.43	11.84	32.25	1204.40	1193.91	1215.62	1053.4
TEMANCIAL GROUP (127)	787 22	-0.8	-	5.66		28.17	742.53	738.95	745.93	696.3
1 FINANCIAL GROUP (121) 2 Banks (9)	716 04	-15	24.06	6.97	5.46	35.17	727.76		744.44	675
5 Insurance (Life) (8)	1229.94	-0.8	27.00	5.16	3.40	47.54	1248.24		1232.85	989
6 Insurance (Composite) (7)	641.25	-8.2	-	5.99		28.34	642.55	435.85	644.28	532.3
7 Insurance (Brokers) (7)	1044.52	-0.7	7.22	6.02	18.45	45.26	1852.37	1836.99	1927.51	764.5
7 Insurance (Brokers) (7) 8 Merchant Banks (11)	393.30	+2.3	J	4.30	-	9.70	314.31	384.63	389.79	350.1
9 Property (49)	1158.87	-0.6	7.73	3.54	16.35	21.42	1165.95	1154.80	1165.40	1235.
9 Property (49) 0 Other Financial (30)	319.62	-1.1	12,42	6.85	10.49	13.25	323.24	323.47	326.86	375.1
L Investment Trusts (68)	1174.71	-4.6		2.96		25.26	1177.91	1172.66	1179.61	935.6
1 Mining Finance (1)	622,31	-2.0	12.61	4.33	9.36	22.25	635.14	645.41	663.37	547.4
1 Mining Finance (1) 1 Overseas Traders (8)	1309.41	-1.9	10,47	4.11	10.76	48.84	1334.92		1303.19	1355.
9 ALL-SHARE INDEX (698)		-1.3		4.59	_	31.38		1884.61		963.1
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	index	Day's	Day's	Day's	Oct	Oct	Oct :	Oct	Oct	Year
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FT-SE 100 SHARE INDEXA	2129.4	29 H	2168.8	2129.4	7767 0	2149.3	2166.7	4170 1	8746 C	1.657

	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Thu Oct 26	Wed Oct 25	Year ago (approx.)
	PRICE INDICES	Thu Oct 26	Day's change %	Wed Oct 25	xd adj. today	xd adj. 1989 to date	1 2		9.76 9.47	9.79 9.51	9.54
2 3 4	5-15 years Over 15 years Irredeemables	117.27 131.48 142.04 159.60 129.47	+0.22 +0.28 +0.01	117.20 131.19 141.64 159.59 129.25	-	10.09 11.60 12.00 13.42 11.28	6789	Medium   Sysars   S	9.39 10.83 9.82 9.48 18.93 18.03 9.63 9.48	9.48 18.65 9.85 9.50 16.96 10.06 9.65 9.48	8,86 9,99 9,36 9,09 10,62 9,58 9,12 8,85
6 7	Index-Linked Up to 5 years	138.98 138.04 137.99	-0.04 +0.41	139.04 137.48 137.48		2.79 3.21 3.15	11 12 13 14	index - Liebend Inflattion rate 5% Inflattion rate 10% Inflattion rate 10% Inflattion rate 10% Over 5 yrs. Over 5 yrs. Over 5 yrs.	3.63 3.62 2.77 3.44	3.61 3.64 2.74 3.47	2.79 3.61 1.64 3.44
_	Dehentmes & Laurs Preference	109.18 87.38	-0.19	109.49 87.38	-	9.10 5.05	16 17		12.12 11.63	12.63 11.61 10.57	11.90 19.70

#Opening Index 2157.4; 10 am 2160.6; 11 am 2156.8; Noos 2152.3; 1 pm 2150.5; 2 pm 2141.2; 3 pm 2143.8; 3 30 pm 2144.8; 4 pm 2144.1 (a) 9.57 am (b) 5.00 pm 1 Flat yield. Highs and lows record, base dates, values and constituent changes am published in Saturday issen. A list of constituents is available from the Publishers. The Financial Times, Number One, Southwark Bridge, London SEI 9HL, parts 159, by post 340.0 LOW COUPON GILT YIELD RESULTS: 20/10/89-5yrs 10.01, 15yrs 9.60, 25yrs 9.49, 23/10/89-5yrs 10.02, 15yrs 9.59, 25yrs 9.48, 24/10/89-5yrs 9.94, 15yrs 9.53, 25yrs 9.44. FTA ALL SHARE (NOEX:

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#### LONDON TRADED OPTIONS

THE LONDON Traded Options Market had a quieter session after the flurry of business on Wednesday when October options expired. The main focus of atten-

The FT-SE 100 Index option market was given a boost mid-morning as one large programme. tion had returned to the options market in any gize since the middie of October. Just less than December series, were bought end sold. The trensaction was reflected in the volume figures.

> 110 120 130 20 27 12 21 10 14

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240 50 38 42 46 6 8 260 16 25 30 11 15 15

260 35 280 21

Shell Tracs. (\*421 )

CALLS PUTS Jan Apr Jul Jan Apr Jul - Spiles

The FT-SE turned over 12,898 contracts, little changed from Wednesdey. It was divided

Apart from the one large trade. Institutional activity remained small-scale. The uncertainty on the London stock market and nerthe London stock market and hervousness in New York kept turnover on the stock option market
down. The FT-SE opened down
4.5 points at 2,157.4. By midday it
had started to silp and by the
time Wall Street opened it was
down 20 points. At the close Londown 20 points. At the close Londown 20 points at the close London was down 32.5 points at 2.129.4. The expiry of the October FT-SE option on Tuesday had also begun to spark off, some rolling over of contracts and clos-

Jun Apr Jul Jun Apr Jul

500 30 58 70 12 20 500 8 30 47 38 38

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200 220

wan 38,988 contracts. options, ICI's lower-than-exp

options, it is lower train-expected.
fall in earnings generated interest, with put sellers in eviderice.
Ferranti was well traded, reflecting activity in the underlying share. Ferranti turned over 2,854 lots, of which 2,754 were calls and 100 were puts. The busicalls and 100 were puts. The busi-cet series was the January 70 calls, which turned over 1,501. Elsewhere, British Steel was briskly traded in active two-way business, evenly divided between calls and puts. It traded 2,818 contracts, of which 2,565 were calls and 254 were puts. The busi-less series was the Actil 135 cells were est series was the April 135 call, which turned over 1,580 contracts.

14	(*144 )	140 160	. 2	- 12	.12	1	. 17	19
19	(°57)	- 20	212	12	13	112	212	312
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12 12 78	(*1355) (*1355)	1950 1400 1450	70 44 27	122 94 70	157 127 104	185 185 185	48 72 105	20 20 110
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æ	THF (*280.)	250	32 19	 12	36	4	· <u>-</u>	
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16	Oct 49 Nov 83	14 55 3	3 2	1	1	3	ie Ha	1

October 26. Yotal Contracts 36,998 Calls 22,272 Pats 16,716 FT-GE index Calls 3,683 Pats 9,015 "Industrying tecurity price." I Long dated apply units

#### **UK COMPANY NEWS**

## ICI shares tumble 73p as third quarter profits decline to £306m

THIRD QUARTER results of company said. Imperial Chemical Industries, Britain's biggest chemicals company, yesterday emerged some £40m lower than expected at £306m, against £347m in the same period last year. The disappointing results sent ICI's shares down 739 to

1097p and had a depressing effect on the rest of the stock The result was scored on turnover of £3.21bn (£2.84bn).

The nine-month pre-tax total came ont 9 per cent higher at £1.23bn (£1.13bn), while salesstood at £9.85bn (£8.71bn). Even allowing for seasonal factors which normally affect ICI during the summer months, the results were below expectations due to specific

problems in fertilisers, films and paints, and a softening in demand in some markets, the

FKI chairman

forced to sell

Babcock stake

FKPs failure to sell its North

American operations has

forced Mr Tony Gartland, the

clectrical group's chairman, to sell his 5.8 per cent stake in Babcock International Group,

the engineering company born out of the FKI Babcock demer-

ger earlier this year, writes

shares will have realised more

shares will have realised more than £13m for Mr Gartland, which he is expected to use to set up a new regional corporate finance group with colleagues from FKI.

Mr Gartland had hoped to finance his new financial services venture from a special dividend of between 50p and 70p per share, which FKI shareholders would have.

shareholders would have received had the North Ameri-

can operation been sold.

But that deal fell through last month after the deterioration of the US subordinated

debt market forced the poten-

tial buyers to reduce their ten-

The sale of nearly 25m

Andrew Hill

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company said.

ICI said it was aiming to deal with the adverse effects of lower demand for fertilisers in Western Europe by a streamlining of the UK operation, involving cuts in the salesforce and a rationalisation of production. For the nine months, fertilis-

ers posted a trading loss of £12,000, against £22,000 last time. The overall total for the agriculture division, where agrochemicals performed well, was £140m (£114m). Within the consumer prod-

ncts division, pressure on mar-gins in paints was caused by the weakness of the decorative sector in the UK and US, and difficult market conditions were experienced in films. These setbacks more than offset a substantial improvement in pharmaceuticals profits to



give £439m (£443m) in operating profits for the division.

By contrast, the central pet-rochemicals and plastics activi-ties defied expectations that they would suffer a decline in demand. For the nine months, they contributed 2322m (£289m) to an industrial prod-ucts division total of £623m (£548m)

(£546m). Earnings per share for the nine months worked through at 108.3p (39.7p), a rise in line with pre-tax profits. The 13 per cent rise in turnover broke down into 4 per cent for higher sales, 4 per cent for favourable exchange rates, and 5 per cent for increases in local selling

Lord Chilver, chairman of the Universities Funding Coun-cil and also of English China Clays, has been appointed a non-executive director of ICI

## General Motors declares its intention to buy Jaguar stake

By Kevin Done, Motor Industry Correspondent

GENERAL MOTORS said yesterday that it had informed the US anti-trust authorities of its intention to buy an equity stake in Jaguar, the

UK luxury car maker.

The move is GM's first official step into what is expected to become an all-out bidding contest between GM and Ford, the world's two higgest automotive groups, for control of

Jaguar had already announced that GM was considering taking a minority stake in the company, and that the two companies were negotiating a series of far-reaching manufacturing. marketing, and other commercial joint ventures."

Ford is pursuing its hostile interest despite a rebuff from Jaguar management, and is cur-rently buying a stake of up to 15 per cent, the maximum allowed by Jaguar's articles of associ-

Ford, GM's arch domestic rival, began buying shares in Jaguar last month and is believed to have paid more than £150m for its currently-

held stake of 12.45 per cent. It said earlier this week that it had paid £131.58m for its initial 19.85m shares, a stake of 10.82 per cent, at prices ranging from 431p to 727p per share.

In London yesterday Jaguar shares closed at

GM said yesterday that it had filed its intention to buy a stake of more than \$15m in Jaguar, with the US anti-trust authorities, a legal requirement under the Hart Scott Rodino

It refused to disclose the size of the stake it had notified to the authorities, but as in the Ford case it is presently restricted by the Jaguar articles of association to a maximum stake of 15

GM is limited to buying shares to a maximum value of \$15m until it receives the approval of the US anti-trust authorities. This is expected

Jaguar's articles of association can only be changed with the consent of the Government, which holds the so-called golden share, and the approval of three-quarters of the Jaguar share-

The golden share expires at the end of 1990, and it is understood that Jaguar and GM are unlikely to seek its early removal, as this provides at least some temporary pro-tection from an all-out takeover bid from

#### Gateway's failed defence cost £31m

By Nikki Talt

A HEFTY 231m was incurred at Gateway, the UK food retail group taken over by the new-ly-formed isosceles consortium earlier this year, in a combina-tion of defence costs, compen-

tion of defence costs, compensation payments to directors and sums paid under the "phantom incentive scheme."
The figure is disclosed in a circular from Isosceles to its shareholders, giving details of the company's open offer.
The offer has been expected since August, as a result of Isosceles' agreement with rival bidder. Newwateway. This

bidder, Newgateway. This allowed Newgateway to exchange a holding in Gate-way for a similar sized stake in Isoscales. Last night, no precise break-down of the £31m expenditure

down of the £31m expenditure was available. However, in the course of the £2bn-plus leveraged bid, Gateway revealed that if an offer was made at 230p per share — the level of Isosceles' final cash terms — the cost of the phantom incentive scheme would be £11.84m. Phantom schemes work on a similar principle to conventional share option schemes — with holders of the incentives being entitled to the difference

being entitled to the difference between a base share price and the share price ruling when the share price runing when the incentives are exercised. However, unlike normal option schemes, they do not involve the issue of shares to participants. The cash sums are instead paid out by the

No figure for the payments to former directors of the food retail group has ever been reliably established, but it is believed to have run into sev-

eral million pounds.

In terms of defence costs,
Gateway used the services of
three merchant banks — Morgan Grenfell, Lazard Brothers
and Lazard Fronce in the proand Lazard Frees. In the pre-vious — unsuccessful — hid battle for Gateway from Barker & Dohson a year car-lier, defence costs of £14m were incurred using the same

## Kalamazoo chief resigns as losses reach £4.08m

KALAMAZOO, the office stationery and business systems company, yesterday announced that Mr Tom Garnier, chairman, was leaving the board.

The group also unveiled full-year figures to end-July 1989, showing a £4.08m loss before tax, compared with a £2m profit last time, and said no dividend would be paid for the

year (2p). Mr Garnier's departure is the Mr Garnier's departure is the latest in a series of board changes at the company – including the resignation of Mr Rufus Bond Gunning as managing director earlier this year, only seven months after being appointed.

However, Kalamazoo claimed vesterday that the

claimed yesterday that the departure was amicable and had been planned for some time. Mr Garnier, who has been with the company since 1956, had "become more and more invovled in external interests", it maintained.

Among these outside interests is the role of president of Birmingham Chamber of Industry and Commerce

Kalamazoo added that Mr Garnier would receive some compensation, but strictly in line with his service contract. It said it did not expect the figure to be large.

Mr Kenneth Dibben, a for-

mer corporate finance director at Hambros Bank and a non-executive director of the group, will take over as chairman.

Kalamazoo is still looking for a new managing director to take over from Mr Bill Nickoll wbo returned to the post on a tem-porary basis, when Mr Bond Gunning left.

Kalamazoo made a £2.29m loss in the first half of the year, and in the second six months managed to pull back to a very modest trading profit. At the pre-interest level, the company made £43,000 on sales of £34.8m — compared with a loss of £1.18m on sales of £29.8m in the first six months.

£29.8m in the first six months. However, interest charges rose in the second six months, giving a charge of £800,000 for the year. By the year-end, net debt stood at around £10.6m, compared with net assets of

around £19.5m.
Some major redundancies, reducing staff by about 116 people during the financial year and by another 146 after the year-end, cost the company a hefty 52.14m. The workforce currently stants at around 1400. There is no hours nev-1,400. There is no bonus payment to the Kalamazoo Work-

Kalamazoo said that it hoped the cost base had now been substantially reduced - to the tune of £2.4m a year — and that no further significant redundancy payments would be required. On current year prospects, it added that the first two months trading had met management's plan for

restoring profitability. The shares fell 3p to 25%p.

#### Hays 'not unhappy' with first day deals By Clare Pearson

FIRST DAY dealings in Hays' shares yesterday proved a relief for the business services group unfortunate enough to have its £166m offer for sale coincide with the recent sharp fall in the market.

The shares, which opened at 98p, had risen to around 100p by mid-morning and held firm against a falling market to close at 101p, 4p below the 105p Issue

price.

Dealing was brisk amid what SG Warburg Securities, brokers to the flotation, described as encouraging support from the sub-underwriters of the issue.

Mr Ronnie Frost, Hays chairman said by wes "not

chairman, said he was "not unhappy" abont yesterday's dealing levels. Only weeks ago, he bad been hoping to float the shares at a price of

Last week, just 8 per cent of the 169m shares available in the offer for sale were taken up as institutional and private investors shunned it amid severe nervousness in the stock market.

The 105p issue price was struck on the evening of Octo-ber 9, days ahead of the severe deterioration in equity market sentiment and prices which started in New York two weeks ago. Since then, the FT-SE 100 Index has fallen from 2,247 to 2,129.4 at the close yesterday.

Monks & Crane

By Jane Fuller

takeover expected

Monks & Crane, the USM-quoted distributor of industrial tools and fixings,

said it was likely to be taken over, with the deal being set-tled once its interim results

were known.

Mr Albert Spacie, chairman, said there had been at least half a dozen serious suitors.

One company headed the list "but we have a second and

In the year to March 31, the company made a pre-tax profit of £2.5m on turnover of £46.6m. Forecasts for the cur-

### Willis Faber sale will help reduce borrowings

**DIVIDENDS ANNOUNCED** 

Current Date of ponding

ids shown pence per share net except where otherwise states

By Patrick Cockburn

WILLIS FABER's decision to sell its 20.4 per cent stake in Morgan Grenfell to Banque Indosuez signals a decision to concentrate on insurance broking and reduce its borrowings.

Mr Roger Elliott, chairman, said Willis Faber could find better uses for the £137.4m paid for the holding, although it had proved a "fantastically good investment" since it was first

The company had no immediate plans for investing the proceeds, but its balance sheet would be improved by the elimination of £128m in short and medium term debt.

Mr Peter Stevens, managing director for corporate affairs,

added that Willis Faber had been seeking a purchaser for the stake for some time, but probably with greater vigour since Mr Elliott became chair-

man last November,
Mr Elliott stressed that with
high interest rates this was a
good time to eliminate borrowings. Morgan Grenfell's share price had been volatile over the past three years and hav-ing the money in cash would produce earnings of higher

quality.

Morgan Grenfell contributed £6.4m to Willis Faber's 1988 pre-tax profits. At that time the stake was held in the balance sheet at a book value of £66,6mL

#### rent year have been revised down as far as £2.25m. Yesterday the share price, which stood at 125p early this year, was 64p. BOARD MEETINGS

third as well".

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are periodly held for the reco

AN RSA INITIATIVE PRESENTED IN PARTNERSHIP WITH

FORWARD TRUST

## THAT'S A **GREAT** IDEA.

#### **HOW DID YOU** MANAGE IT?

IDEAS are the start of the products and services which give an organisation the competitive edge. But any good manager knows that ideas are not enough. Being able to develop them to the point where their potential for profit is realised - that's the skill that puts you ahead of the game.

Because Britain needs enterprises with just that skill, the RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) has instituted an award for the management of new ideas, to recognise success and publicise good practice. The RSA's partner in the scheme

is Forward Trust Group, with support from Andrews Byrne & Parker, BUSINESS Magazine and the Department of Trade and Industry.

If your organisation can show it has the flexibility, foresight and courage needed to take up a promising idea and turn it into a profitable one, send off the coupon below for further details. Entering for the award could be one of your best ideas yet.

MNI Award Office RSA, 8 John Adam Street, London WC2N 6EZ.Tel: 01-930 5115 ADDRESS:

Please send details of the Management of New Ideas Award to: **DEADLINE FOR ENTRIES - 15TH JANUARY 1990** 

HOME LOANS HOLDINGS PLC

GROUPRESULTS	1989	1988 Restated
TOTAL OPERATING INCOME	£51.3m	£36.5m
PROFITON ORDINARY ACTIVITIES BEFORE TAXATION	£33.6m	£26.0m
EARNINGSPERSHARE	15.2p	13.1p
TOTAL DIVIDEND PER SHARE	8.0p	7.01p
TOTALASSETS ATYEAR END	£2,01Bm	£1,519m
TOTAL ASSETS UNDER MANAGEMENT	£2,849m	£2,006m

National Home Loans Holdings PLC Group pre-tax profits have increased to 233.6 million for the year to 30th September, 1989 and the Board proposes a final dividend of 4.74p. This results in a total dividend for the year of 8.0p per share. During 1989 National Home Loans has diversified its business activity. The new Group structure was formed to facilitate the expansion into other areas of asset besed finance in addition to residential mortgages. The new businesses provide commercial mortgages, secured personal loans, leasing and banking.

The performance of the residential lending business has exceeded expectations within a market which has witnessed a decrease in demand and increased competition from other lenders. The strong relationships we have fostered with our business partners, combined with successful product development and funding programmes, have maintained the Group's position as the leading specialist mortgage company in the country.

Total assets under management rose from £2,006 million to £2,849 million for the year to 30th September 1989 and total operating Income for the Group Increased to \$51.3 million. Non interest income has also made an important contribution to profit through fees and commissions.

A copy of the 1989 report and accounts will be sent to shareholders shortly.



National Home Loans Holdings PLC

ry of results does not constitute "full accounts" within the meaning of the Companies Act 198:

Pegasus

By Alan Cane

up to £3m

and forges

Italian link

PROFITS AT Pegasus Group

the USM-quoted computing services company specialising in accounting software for microcomputers, have risen for the

third successive year since the company underwent a management reorganisation in the mid-1980s.

Pre-tax profits of £3.08m for the year to July 31, represented an increase of 49 per cent on the previous year's £2.07m.

# £1.23 billion profit in nine months.



## 1989 Nine Months Results

ICI Group profit before tax in the first nine months was £1,231m. Within this, the third quarter showed a more pronounced seasonal dip in profits than last year.

	Nine Months 1989 £m	Nine Months 1988 £m	Percentage Increase
Turnover	9,854	8,707	13%
Profit before taxation .	1,231	1,130	9%
Earnings per £1 Ordinary Share	108_3p	99.7p	9%

A summarised profit and loss account is given in the table below.

In the first nine months of 1989, turnover increased by 13% compared with the same period in 1988, due to a combination of higher sales volume (4%), increased local selling prices (5%) and favourable exchange effects (4%).

In the Consumer and Specialty Products segment, trading profit reduced by £4m to £439m. Pharmaceuticals profit improved substantially as a result of volume growth in all major products. However, this was more than offset by continuing difficult market conditions in films, margin pressure in paints caused by the weakness of the decorative sector in the UK and USA, and continued investment in research and marketing in new products within this segment.

In the Industrial Products segment, trading profit increased by £77m to £623m. This improvement was due to continued good performance in general chemicals and petrochemicals and plastics.

In the Agriculture segment trading profit increased by £26m to £140m.

Within this, agrochemicals performed well, particularly in the USA, but fertilizers were affected by difficulties in Canada, the UK and Australia. The results of the first nine months take no account of the proposed sale of

the US over-the-counter pharmaceuticals business announced on 9 October. This is expected to give rise to an extraordinary gain in the fourth quarter.

The following table provides financial highlights for 1988 and for the first three

quarters of 1989.

	Turnover	Profit Before Tax	Earnings per£1 Ordinary Shane
1988	£m	£m	pence
1st Quarter	2,937	358	31.5
2nd Quarter	2,930	425	37.8
3rd Quarter	2.840	347	30.4
4th Quarter	2.992	340	30.0
Year	11,699	1,470	129.7
1989			
1st Quarter	3,210	442	39.2
2nd Quarter	3,432	483	42.8
3rd Quarter	3,212	306	26.3

Third Ouarter

Group profit before tax in the third quarter of 1989 of £306m was £177m lower than the second quarter and £41m below the third quarter of 1988. The shortfall compared with the second quarter was partly due to normal seasonal influences; in addition, the second quarter's results included gains on disposals of businesses. After allowing for these factors, the results were below expectation in fertilizers, films and paints. The restructuring of the Canadian fertilizers business has been announced and significant further restructuring will be undertaken for UK fertilizers. The third quarter was also adversely affected by production problems and reorganization costs.

The tax charge for the first nine months of the year amounted to £439m (nine months 1988 £419m), comprising UK corporation tax of £159m (£159m) and taxation in respect of overseas and related companies of £280m (£260m).

In announcing the results, ICI's Chairman, Sir Denys Henderson, commented: "ICI Group profit before tax for the first nine months of 1989 was £101m above the corresponding period in 1988. Pharmaceuticals, in particular, continued to perform strongly. However, the third quarter's results in total reflected not only normal seasonality but also some softening of demand and margins in a number of markets and specific problems in fertilizers, films and paints. Nevertheless, 1989 should be a reasonable year for ICL"

The unaudited trading results of the Group for the first nine months of 1989, with comparative figures for 1988, are as follows:

1988 First Nine Months Em	Year* £m		1989 First Nine Months £m
2,035 6,672	2,705 8,994	Turnover United Kingdom Overseas	2,189 7,665
8,707	11,699	Total	9,854
1,128	1,470	Trading profit	1,217
364	484	After providing for: Depreciation	392
119 117	162 162	Income from related companies Net interest payable	166 -152
1,130 419	1,470 540	Profit on ordinary activities before taxation Tax on profit on ordinary activities	1,231 -439
711 -35	930 49	Profit on ordinary activities after taxation Attributable to minorities	792 -48
676 44	881 44	Net profit attributable to perent company Extraordinary item	744
632	837	Net profit for the financial period	744
99.7p	£29.7p	Earnings before extraordindary item per £1 Ordinary Share	108.3

Registrar of Companies.

Trading results for the year 1989 will be announced on Thursday 22 February 1990.

IMPERIAL CHEMICAL INDUSTRIES PLC

#### UK COMPANY NEWS

## NHL tops expectations with £33.6m

By David Barchard

NATIONAL HOME LOANS Holdings announced pre-tax profits of £33.6m for the year ending September 30, com-pared with £26m last time.

Mr John Darby, chairman, said that the result had exceeded expectations in a market where there had been a drop in demand and increased competition from other lend-

Analysts agreed that the group had performed well in spite of the downturn in the housing market.

During the year the com-pany underwent a restructur-ing in the course of which a banking subsidiary, the National Mortgage Bank, and a commercial mortgage subsid-lary, Business Loans, were cre-

Mortgages completed were £1.3bn, unchanged from the previous year, but total assets under manage-ment rose from £2bn to 52.85bm.
During the year NHL securit-

New abode

for Conrad

MR MAX Lewinsohn's former shares in Conrad Continental, the Manchester-based supplier

of fashion accessories and

leather garments, have found a new bome in Liechtenstein

after a short rest in Switzer-

West Anglia Establishment, Liechtenstein company semed to be acting in concert

with one of Conrad's executive directors, yesterday disclosed that it had bought 2m shares

(15.16 per cent) from Geneva-

Magnum Industries.

Magnum had acquired 1.43m
of them only a few days previously from a private company
controlled by Mr Lewinsolm;
Controlled days to chairmen

Conrad's deputy chairman. The purchase increased to

23.6 per cent the total holding

by West Anglia and eight indi-viduals and a nominee com-pany considered to be acting in

They include Mr Andrew

David Crewe, a Conrad direc-tor, and his brother, Prof Ivor Crewe, the TV election-night pundit and chairman of the

University of Essex govern-

ment department.
Prof Crewe was in the US

The price of the latest pur-

chase was not disclosed, although Contail shares closed

KLEARFOLD, the US plastic packaging manufacturer which is quoted only in London, has

restated its 1968 results to show lower pre-tax profits. It has also reported a fall in prof-

its for the first half of this

Klearfold said its audited results for 1988 now showed e pre-tax profit of \$981,000 (2610,000) against the \$1.86m originally reported and the \$1.65m echieved in

The revision reflected a change in accounting policy

following the appointment of Laventhol & Howarth as audi-

tors to replace Peat Marwick & Main, with which Klearford

said it had disagreed about the

change to the technique for valuing stocks, revisions to the

depreciation schedules and the

Adjustments included a

yesterday at 70p.

By Clay Harris

Prof Crewe was in the US However, Ennex stressed yesterday, and no Conrad that its working capital will

to June 30".

annual outcome is restated

Klearfold

Share price (pence)

holding

By Clay Harris



Richard Lacey, chief executive, (left) and John Durby, chairman: a good result despite falling demand and increased competition

ised £800m worth of mortgage assets as part of its securitisa-

JOHN MOWLEM, the

construction group, has bought Evans (UK), a privately-owned supplier of building equipment, for about £9.5m in cash and

Evans, which sells and hires

out non-mechanical equipment from 12 branches, will dovetail into Mowlem's scaffolding ser-vices division as a subsidiary of Boulton Scaffolding. Consideration for the deal

consists of £755,000 cash, £2m

in two-year loan notes and 2m

Mowlem shares. When the number of shares

to be issued was negotiated, some months ago, Mowlem's

Ennex International, a

USM-quoted mining company, will suffer a loss of \$5m (£3.15m) from the sale of its 20

per cent interest in two gold

properties in Western Austra-

increase by \$8m, "which repre-sents a significant Improve-ment over the \$113,000 deficit

reported in the second quarter

Klearfold lower at midway as

Australian gold property

sales will lose Ennex \$5m

By Kenneth Gooding, Mining Correspondent

Whim Creek, an Australian and Scotland.

By Jane Fuller

Net interest income was 240.3m (£29.45m) while other operating income was £10.97m (£7.02m).

Total operating income for the group was £51.3m (£36.5m). Operating expenses rose to £19.5km (£13.4m).
Earnings per share on a fully diluted basis were 14p (12.9p).
A final dividend of 4.74p is

John Mowlem pays £9.5m to

shares were worth more than

400p each, which would have made the total price nearly film. With the shares closing

down 15p to 335p yesterday, the value is over 51m less.

man, said Evans was bought from its chairman, Mr Bill

Reid, who was a long-term investor in Mowlem and "relaxed" about short-term movements in the share price.

Mr Reid will retain at least 70 per cent of the 2m Mowlem

shares for two years, with fur-ther restrictions applying after that. He is retiring as chair-man and joining the board of

company now owned by

Dominion Mining, will pay about \$8m for the Tower Hill and Labouchere gold properties, including \$5m cash and \$3m as payment by Whim Creek of net joint venture liabilities incurred since December 1

bilities incurred since Decem-

Ennex, based in Dublin, said its Investment in Australia had

been "disappointing" and that

it would now concentrate its

efforts principally in Ireland

Klearfold said tha adjust-

ments were "principally non-

In the six months to June 30, pre-tax profits fell by 26 per cent to \$705,000 (\$950,000) on turnover ahead by 18 per cent

to \$13.1m (\$11.1m). On earnings

per share of 4.7 cents (6.6 cents), the gross interim dividend is unchanged at 1.8 cents.

The company also posted a circular giving more details of its acquisition of 51 per cent of PTP Industries, a private Baltimore-based manufacturer of

thermoformed packaging. The

deal, which was announced in March, is subject to approval

Klearfold shares yesterday

fell 1p to 36p, the lowest point

reached since the company

came to market in January 1986 with an offer for sale at

by an egm on November 15.

recurring."

ber last year. -

Mr Clive Beck, deputy chair-

expand scaffolding division

proposed, bringing the total dividend for the year to 8p

. COMMENT

National Home Loan's results allay any fears that its conspicallay any tears that its compar-uously strong drive to diversify into new lines of business was simply a short term response to the problems of the housing finance market. Though much of the business it has being doing in 1989 is re-mortgages and its margins are under pres-sure, it has clearly held its own in difficult times. So far arrears problems have not become a serious concern. Though there is little about which to be optimistic when which to be optimistic when considering prospects for the bousing market during the first half of next year, NHL seems better placed than most of its rivals among the new lenders to ride out the storm, not least because its new subsidiaries should begin contributing to group profitability buting to group profitability during the coming year.

The company also amounced a strategic alliance with ESA, an halian-based producer and distributor of packaged software, which it claims will create the first company win treate the har European mar-ket for software based on "open systems". Revenues rose 43 per cent to

£10.67m. Earnings per share rose 52 per cent to 36.7p. The recommended final dividend of 7.825p gives 11.2p (7.5p) for the

Pegasus has its origin in the development of a suite of accounting software designed for the midrange microcomputer marketplace, where it is the

ter marketplace, where it is the market leader.
Its association with ESA, said to be the largest Italian packed software distributor with annual turnover approaching 223m, involves the formation of a new company, Osprey Software, based in the UK and owned equally by the UK and owned equally by the

two parent companies.
The products will be suitable for use with Unix, the operating software which the com-puter industry now believes will be the basis of "open systems", where packaged soft-ware can be run on a variety of computers irrespective of man-

ufacturer.

The Osprey initiative is a major turning point for Pegasus, representing a move away from its dependance on the increasingly competitive mar-ket for accounting software

and computer supplies.

Last year it acquired Sphinx,
the leading UK-based Unix software distributor, for £1.63m
cash plus 0.75m in ordinary shares. In spite of this acquis tion, year end cash balances increased by £460,000 to £2.63m. The company said it was looking for further acquisitions in the UK especially in the areas of computer-aided design and graphics and believed that

it would be able to make secure deals comparatively cheaply.

26.8m in the year to July 31.
An incorrect figure was quoted for 1987-88 in Tuesday's report because of a news agency

#### might not be so buoyant in JMD shares rise on news of bid approach

SGB Holdings, the division's parent company, as a non-exec-

Evans, which is oriented

towards commercial and indus-

trial projects rather than householding, reported pre-tax profits of \$913,000 for the year to April 30 and net assets were

Moviem does not expect the acquisition to dilute this year's

earnings.
On the outlook for the con-

struction industry, Mr Beck said there was still a high level

of activity although things

valued at £3.85m.

By Clay Herris Shares in IMD Group rose 49 to 289 yesterday after the USM-traded distributor of greeting cards and fluffy toys said it had received a takeover

Mr Keith Moss, chief executive of the company, formerly
John Michael Design, said
agreement had been reached
on principle and on price, but
final checks were being made
on each side.

The possible bidder has a larger market value than JMD's £13.8m, but the combined group would be a marriage of equals, he

June 1988 by Capital and Investment Securities, where Mr Moss was chief executive, JMD entered but did not consummate two sets of talks with suitors.

Klark-Teknik

Turnover rose from £5.2m to

# Swallowfield buys

cosmetics maker Swallowfield has conditionally agreed to acquire Atlas Group, a cosmetics maker, for a total consideration, payable to 3i Securities, of £1.48m.

On completion, Swallowfield will issue a guarantee in respect of a loan of £1.01m due from Atlas to the vendor. Consideration will be satisfied as to about £483,000 by the issue of 328,759 new ordinary shares and as to £1m by the

issue of 1m new convertible preference shares. NatWest will buy the shares issued to the vendor at 147p per share, and is intending to place them with institutional investors at that price.

## REDROW GROUP FEE

## **Profit Growth**

- · · · · · · · · · · · · · · · · · · ·	1989 £000	1968 £ 000	% Increase
Turnover	100,493	68,647	46%
Profit from operations	17,388	8,687	100%
Profit before Taxation	16,019	7,440	115%
Shareholders funds	23,299	10,926	113%

- Record turnover and profits.
- Quality land bank for new homes and healthy forward sales position.
- Contracting division expanding in design and build and civil engineering. £17m advance order book.
- Commercial developments forecast to make significant contribution in the future.
- Balance sheet net worth £23.3m. Gearing 38 per cent.

Copies of the Annual Report can be obtained from Company Secretary, Redrow Group Limited, Redrow House, Alitami, Mold, Chryd CH7 8FW.

### **NEWS DIGEST**

1986 87 88

re-allocation of certain

expenses. Accounts receivable had also been updated to take

eccount of information not available when the preliminary

results were announced in

#### All-round demand lifts Airflow

INCREASED DEMAND in all divisions helped Airflow Streamlines, the motor body engineer and Ford main dealer, lift pre-tax profits from £1.68m to £1.72m in the half year to

Directors said that companies within the manufacturing division experienced an increased level of demand for their products and services, while in the motor division sales of new and used cars and related services were maintained at a high level.

A reduction in demand was

expected in some sections of each division and that, coupled with a high level of interest rates and other increased costs, was of some concern, they said. However, a related cost

improvement programme was being implemented, and invest-ment in new and improved facilities would continue. Turnover advanced from £28.84m to £35.35m. The interim dividend is held at 2p, with earnings of 12.74p (12.43p).

**Mount Charlotte** debenture stock

Mount Charlotte Investments, the hotel group, has placed a second £100m tranche of 10.75 per cent first mortgage debenture stock 2014 at 595.008 per £100 nominal, for a gross redemption yield of 11.258 per

Applications for Mount Charlotte's £151m rights issue of ordinary shares, launched on September 28 to provide part of the finance for the £645m Thistle Hotels acquisition from Scottish & Newcastle Brew-

eries, close on November 13.
It will be the second largest rights issue of ordinary shares to close after the mid-month slide in share prices. From 30%p on the day the issue was announced. Mount Charlotte shares have fallen to 72p, equal to the offer price.

US computer group reduces losses

Sauderson Elactronics, world-wide computer services group, announced the annual results of General Automation, the Californian group in which it has 'conditionally agreed to

acquire up to 51 per cent.
GA, which is also involved in computer services, reduced losses to \$1.04m for the year to June 30, due to a continuing recovery in the fourth quarter. Pre-tax profits of \$126,000 were achieved in the three months on sales of \$10.25m. In the third quarter GA achieved a turn-round from the first half's losses to profits of \$103,000. Expenses were reduced by about \$7m (33 per cent).

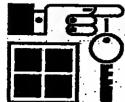
T Robinson to buy fastener maker

Thomas Robinson, tha engineering group, is to buy Euro-pean Industrial Services, a West Midlands-based manufac turer and distributor of metal fasteners. It will pay a 2400,000 premium over net assets, which stood at £6.60m at the end of 1988.

Robinson has made an initial 25.3m payment subject to increase after audit. In 1988, EIS lost £1.37m before tax on turnover of £34.45m.

About 80 per cent of EIS's UK turnover is manufactured at Smethwick, where its main products are a broad range of

# **FINANCIAL TIMES**



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Manage End

Last year saw a record number of shopping-centre openings, but growth in consumer demand

has slowed. The fear now, says Patrick Harverson, is that another rise in interest rates would lead to a recession, leaving the sector with more retail sites than are needed.

## Confidence undermined

rates, to 15 per cent, earlier this month sent a distinct chill

through the retail property market in the UK.

As one agent said, on the Monday after base rates had gone up: "Until last week, I was quite confident about the outlook for the retail property market. Now I'm not so sure.

The slowdown in economic growth this year, together with igh interest rates and rising inflation, has undermined the confidence of everyone in the market - consumers, retailers, investors and developers alike. Annual growth in retail sales is at its lowest for seven years. Now that interest rates are

up to their highest level for eight years, and appear likely to stay there until well into next year, that fragile confidence will be dented further.

With all this gloom in the retail world, the outlook for retail property might be expec-ted to be equally black. Recent statistics, however, tell a different story.

Last year in Britain there was a record number of shop-ping-centre openings. According to figures from chartered surveyors Hillier Parker, 10.3m sq ff: of new retail space was opened in 1988 - over 2 per cent more than in 1987. A masunder construction, and this rate of growth will be more than maintained for the next three years, says Hillier Par-

Many operators in the market remain surprisingly confi-dent. Sandy Paskins, of Ches-terton, the chartered surveyors/property consultants, is looking forward to a good 1989 and 1990: "The years 1987 and 1988 were extremely bnoyant, where you had a property market in which nothing was available and rents and premiums were forever being hiked up. What is happening now is that we are returning to a more stable mar-

Yet there are some early warnings. The most recent investment Property Databank monthly index showed that, in August, rental value growth of 0.6 per cent for retail property was the lowest of the year to date. Moreover, the annual rate of capital growth on retail property fell below 10 per cent in August for the first time since IPD launched its index in

Although consumer spending has held up more than the Government may have liked, retailers have, almost without exception, suffered from a

And the series of the series o



## RETAIL PROPERTY

sharp downturn in domestic demand. Spending on fashion clothing, furniture, DIY goods, electrical appliances and electrical goods has been very slug-

In particular, anything to do with the housing market; which could now be heading for the first major slump since the early 1970s, has been hit hard. The exceptions are food stores, which traditionally hold up well in difficult times, and retailers of "small-ticket", or relatively low-cost, items. Newsagents and budget jewellers are two good examples.

Expenditure on services by consumers has held up well, despite the hostile borrowing

climate. People are still happy to spend more on eating out, holidaying both at home and abroad, visiting the theatre and cinema and other leisure activities, but this is of little comfort to the retail property The affect of slow sales in

the high street on the shop

fully felt. There has always been a considerable delay before fundamental develop-ments in the retailing world have worked through to the property market

This is because developers like to wait for firm and consistent evidence that rents are rising before they decide to finance new retail schemes. The spectacular consumer spending boom of 1987-88 attracted huge development interest in retail property, as rents grew strongly alongside

The result was a rather belated rush of new invest-ment in shop developments of all forms; retail parks, in-town and out-of-town shopping centres, regional shopping centres, and giant complexes like the ocentre in the North-east, But these developments take three to four years to plan, design and build, and today nany property developers are seeing their schemes open at just the time when spending is

County NatWest explained in a recent circular: "In the current [consumer] boom, the time-lag has been four to five years, with new town-centre space emerging with a vengeance in 1990 and 1991 when no retailers will really want it." Serious overcapacity is on the horizon.

Yet the retail property mar-ket has always faced the prob-lem of overcapacity: "What we'll have is what we always have — space coming on stream at the wrong time," says Russell Schiller, of Hillier Parker. "This is almost impos-sible to avoid, because of the loug lead-in times and the development period taking so

Others in the industry are adopting a less sanguine atti-tude: "Overcapacity has not yet happened, but everything tells us that, with the amount of retail space coming on the market, something will have to give." warns John Wills, of aley & Baker. What is most

likely to give are rents, the growth of which is rapidly

slowing from the peaks of over 20 per cent growth in 1988. As if slowing consumer-spending, high interest rates and overcapacity were not enough, another dark cloud hangs over the retail property market in the UK: the arrival next April of the Uniform Business Rate (UBR) and revaluation of rates.

Although the phasing in of the UBR and revaluation will take the sting out of the new system, it will still increase costs for retailers, add to the squeeze on profit margins and earnings, push rents down and put the shop property market under yet more pressure. The retail property sector is likely to be harder hit than the industrial or office property sectors, because shop rents have risen much faster than office and industrial rents since the last

rateable level was set in 1973. The Inland Revenue calculated, in a recent study, that would increase by 18 per cent across the country; while some City property analysts predict that, in certain areas, especially in the wealthier south of England, rate bills could rise by as much as 100 per cent.

Although there is no unanimity on the impact of UBR and revaluation - some analysts are quick to point ont that rates represent only 1 per cent of sales - no one is in doubt that the weaker retailers will suffer most. With spending slowing, and borrowing costs remaining high, the changes in the rating structure will hurt retailers - and also landlords, who will end up helping to pay for the rates reform by receiving lower rents.

It is not just the retailers who are facing a squeeze on profits; so are the developers. A good deal of the land pur-chased in the last two years for development as retail sites was acquired at peak prices. With construction costs rising faster than retail prices, and high interest rates pushing up fund-

**III** The Metrocentre, at Gateshead (leff), is Europe's biggest out-of-town shoppin mali. On page 4 of this survey, we talk to its manager, John Bryson, abou

the centre's development and his own role. Picture: Alan Harper

ALSO IN THIS SURVEY Retail parks; Town centres; Regional centres Design; Planning; Rates & rents: Occupiers

ing costs, development profits

are being squeezed hard.
Finding the funds for development is also an increasing problem. The unhealthy out-look for consumer spending has unsettled the investment institutions. Steve Johnston, senior research analyst at Morgan Grenfell Laurie, believes current sentiment among investors is that "shopping

centre development is some-thing to be left well alone for the time being".

There is little donbt that-some institutions have been scared off by bearish predictions for retail spending and rental growth. As the Oxford Institute of Retail Management said a few months ago: Behind the withdrawals can be seen... a growing concern over the viability of some of the more speculative proposals within an uncertain consumer

spending environment."

Banks — traditionally great
lenders to retail developers,
and in recent years seen as an
alternative to investment institutions as a source of funds are also taking a fresh look at the market. This month's warning from the Governor of the Bank of England, on the

scale of banks' property lend-ing, is unlikely to go unheeded. Although the outlook for the retail property market inevita-bly differs from region to region – rental growth has generally been best in the North and Midlands, while prime sites in the South and East Anglia are still in great demand – concern about the demand - concern about the future is almost universal.

The greatest fear is that another rise in interest rates will pitch the economy headlong into a full recession, slamming the brakes on consumer spending and leaving retail property in dangerous oversup-

ply.

It is a scenario few in the retail property market are yet prepared to consider. But Russell Schiller, of Hillier Parker, echoed the thoughts of many when he said: "1990 will be bad but not disastrous. But if consumer spending does drop in real terms, and interest rates go higher, we could be in real trouble."

**R4.** I

## What this country needs is more R&T

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From the new Rhinoceros House at Paignton Zoo to Europe's largest out-oftown shopping and leisure centre near Gateshead - whatever the project, private or public, Rush & Tompkins are playing a major role in the building of today's Britain.

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## Add leisure — and you've got a day out

THE GROWTH of the retail provides an added draw. any standards. Since the first one opened in 1982 - 93,000 sq ft at Cambridge Close Park, in Aylesbury - over 11m square feet of retail parks has been developed in Britain.

Last year retail park floorspace accounted for roughly half of all shopping centre space opened, according to fig-ures compiled by Hillier Parker, the chartered surveyors. Total retail park floorspace now stands at 11.3m sq ft, with 53 schemes already presently under construction and likely

to add another 7.2m sq ft.
The history of the retail park
dates back to the 1960s, when ated out of the shells of former industrial warehouses. A decade later, purpose-built retail warehouses were springing up, housing a variety of

The retail park concept developed rapidly when indi-vidual retailers of do-it-yourself goods, carpets and household furniture realised that, by joining forces in one location, considerable benefits could be

The end result was the creation of what is by now the standard form of the retail park. This has a DIY store as the main attraction, backed up hy retailers of carpets, furniture, anto parts (predominantly Halfords) and electrical goods, both brown and white. For the more sophisticated retail park, a food superstore

The central attraction of the retail park, evident from its earliest incarnation, has always been quite clear. To the consumer, it offers several advantages over town-centre shopping. Access is vital. Mostly sited off main artery roads just outside town centres, retail parks are easy to

Parking is usually plentiful and often free. Shoppers used to fighting for parking space in overcrowded high streets can drive almost to the door of the retailer, find a space near enough to load heavy and cum-bersome goods in the car with relative ease, and then make a

quick escape, avoiding town-centre traffic jams.

Price is also a considerable attraction to the consumer. Relatively low development start-up and running costs, and the ability to stock, and sell, goods in bulk enables retailers to offer competitive prices.

Retail parks are also popular with retailers and developers: with the former, because of the low costs, particularly low rents, and increased trade as a result of its complementary operation; with the latter, because of the relative ease with which planning permis-sion can be won and the relative cheapness of construction. The early parks were particularly inexpensive, consisting of little more than old warehouses converted into large, inelegant, but efficientretail

The ugliness of retail parks has been a regular criticism. There is no doubt that shopping in a retail park can be a soulless experience. Until recently, this did not seem to matter. From the start, retailers did not attempt to glamorise the surroundings for fear of ruining the image of cut-price goods available in bulk.

"The concept behind a retail

warehouse is that it's just that: a warehouse where people think they're getting a bar-

One problem inherent in rearranging the mix of retailers is that

institutional investors, who provide the funds for development, are less likely to finance a park that does not have the right

composition of tenants

gain," says Stephen Wall, of Chesterton, the international property consultants. "If you shop in a big industrial building, you think you're getting

goods cheap." It is a simple and effective argument. But in the 1980s, the decade of design, even the retail park has succumbed to the lure of the upmarket image. The property research team at County NatWest WoodMac, the City stockbrokers, suggested in a recent publication that the rush to

improve the presentation of retail parks had been a reaction to the current public dehate about the effect of architecture on the environment, stimulated by Prince

"The Prince Charles factor has made retailers realise that 'crinkly tin sheds' on the fringes of the green belt is not the way to win friends," says County. Local authorities, on whose land so many parks are built, and institutional investors who fund developments have been keen to follow the trend for "beautifying" retail

Of course, making the retail park environment more pleasant for the shopper costs money. County estimates that the "search for style" has driven up construction costs by between £16.20 to over £30 a

changing the mix of retailers has also been part of this process of improving the retail park's image. The more mod-ern parks now include giant toy stores, a smattering of fashion retailers, and — a real draw — an increasing number of Marks & Spencer outlets. But the most interesting

diversification yet seen in retail parks has been into lei-Multi-screen cinemas, nightclubs, indoor fairgrounds, swimming pools, howling alleys and ice rinks have all been introduced, or are planned, to liven up the image and offer the consumer more of a day out. Leisure tenants are They utilise unpopular space, particularly above ground floor, and operate when the shops are closed.

However, one problem inherent in rearranging the mix of retaliers in parks is that institutional investors, who provide the funds for development, are less likely to finance a park that does not have the right composition of tenants.

Edward Farrar, of property agents Edward Erdman, explains: "While Homebase, B&Q, Dolt-All and others represent 'rock solid' covenants for the institution, and will therefore play a very positive role in attracting the funding in the first place, few institu-tions will take the risk of backing a scheme with what they might perceive as a weak line-up, or even a 'weak' link in the chain."

There is no doubt that the changing face of the retail park has not been entirely for the benefit of the consumer. Retail parks are as exposed to the growing slowdown in consumer spending, rising costs (particularly next year when the Uniform Business Rate is introduced) and overcapacity, as any other retail environ-

Like all businesses, they are having to adapt to survive. With a slight, but detectable, shift in consumer preference back towards more traditional forms of shopping, retail parks will have to work hard not to lose their appeal to shoppers.

### **TOWN CENTRES**

## Shoppers call the tune

city fathers these days describe the town centre at the infrastructure and parking facilities, and adding environmentally pleasing pedestrian people's hirthright is about to birthright of the people. The people's birthright is about to be transformed. Experts predict a shift in the

balance of power, from land-lord to tenant, and from retailer to consumer. This happy state of affairs, they believe, will be brought about mainly by higher interest rates. Consumers, with limited money, will be more selective,

money, will be more selective, and landlords will have to become more flexible if they believe a little rent is better than no rent at all.

In the next decade, the consumer will be king, the featant will have his day — and Mrs. Thatcher's emierprise culture may finally have arrived.

The 1990s will also usher in a fresh challenge for local authorities and property develauthorities and property devel-opers a demand from the com-munity for more apres shopping leisure and recreational activities in the rejuvenated, friendly town centres to which

The success of out-of-town shopping centres forced local authorities, traditional holders of the freehold, to forge partnerships with private developers in the 1970s, to spruce up town centres and halt the decline on their investment.

Mr Alan Yates, a partner with Dearle Henderson, the quantity surveyors, believes the marriage between the two has been a good one. They have definitely put more pep into town centres by improving

That every town centre in the UK looks the same as the next is a mere trifle, believes Mr Yates. "If this is the only criticism, the achievement has not been a had one," he says.

The lookalike high streets



**Bolton's Market Place** shopping development includes a Victorian hall

have been partly caused by what Mr Mike Ringer, associate partner of Jones Lang Wootton, the chartered survey-ors, calls the "race for space" a massive expansion in the 1980s by ambitious established retailers such as Burton, Next and Sears. Buoyant conditions also brought new names into the high street, mainly in the form of niche retailers such as Tie Rack and Sock Shop. "As a result of this expan-

sion," Mr Ringer says, "retail-

early 1980s. With the growth of out-of-town developments, town centre's share of new openings fell from more than 75 per cent in the years up to 1985 to 37 per cent in 1990.

The recent revival of new openings in these centres of new openings in these centres are the second reserved. openings in town centres has coincided with higher interest rates, and the effect, says Mr. Ringer, has been dramstic. There is unlikely to be sufficient tenant demand to meet

ers sacrificed quality of loca-

level of expansion they

Space in town centres, refur

bished in the 1970s, was tight in the 1980s, and retailers had to take what they could get. Mr

Russell Schiller, head of

research at Hilber Parker, the

estate agents, says the open-ings of shopping centres in

town centres between 1977 and 1988 were below the level from 1968 and 1976, but are forecast to rise to 7.4m sq ft in 1990 —

about the same level as in the early 1970s. With the growth of

required."

cient tenant demand to meet the supply of new retail space at the rental levels projected at the inception of the develop-ment, which in some centres reached 40 per cent in 1983. At the Waterglade Centre, in Eal-ing Broadway, wast London; for example, 10 out of the 25 shops are vacant. "It is dangerous to general-ies, but some showing centres

ise, but some shopping cantres are in for a difficult time," says Mr Ringer. "Selectivity will be the key to success. The right product in the right centre will succeed, and there will be plenty of opportunity to back the trend of declining rates of memory in metall cales."

increase in retell sales." Mr Keith Wills, a retail analyst with Goldman Sachs, the securities house, believes retailers will have to cut back on space to cut back on costs. One of the first to do so is Burton Property Trust, Bur-ton's property arm, which has shelved plans for a \$200m shopping centre scheme in Plym-outh through lack of funding. Mr Yates is more cautious: "It

is too early to tell if this is a temporary hitch or an adjust-ment in the market," he says. Lower rental growth will bring a lower growth return on retail property investments.
Yields have slipped from 4% per cent to 5 per cent for prime shopping in the last six months, causing a distinct twitchiness among pension funds and insurance compa-nies, the traditional investors Fewer will be willing to invest.

their prices.
Mr Ringer believes Britain is at the brink of a new world in which fown will compete with town for shoppers as will shopping centres within towns. In Guildford, for example, of the three shopping centres, two have been refurbished to meet

the competition for trade. There will be a change in the management structure, as the landlord will no longer be able to dictate to tenants," Mr Ringer says. "Landlords will be forced to offer more flexible terms, which will lead to the American idea of managing shopping centres as a dynamic business rather than a static

investment." Mr. Ringer predicts that the traditional idea of landlords demanding 25-year leases from blue-chip tenants will be out, and that shorter leases of up to five years will be in, leading to concepts and new retail blood, which will make shopping centres more interesting.

"This will asher in provisions for turnover, with the centre manager becoming not so much the landlord but the executive meeting the needs of both landlord and tenant," he says. The most important ingredient for success in shopping centres, which are really covered high streets, is the right tenant mix."

Help for town centres is a hand, as developers become more pessimistic about obtaining planning permission for retail centres out of town. The Hewitt'e Farm development, near Orpington and Bromley in Kent, was rejected on appeal for green-belt reasons.

So the high street in the 1990s will continue to be a hub. Retailing will be more competi-tive, non-established tenants on shorter leases will add individuality to crushingly anonymous town centres - and customers will be masters of all they survey.

Anne Sacks



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#### REGIONAL CENTRES

## Long-term enterprises

REGIONAL shopping centres are an enigma. It is not clear what effect they will have on the retail scene, or how many of them there will be - only that there will not be as many

as once seemed possible. Since the early 1980s, there have been nearly 60 proposals for such centres, defined as shopping areas of 500,000sq ft or more. They have sought to exploit an increasingly carborne public, willing to travel to a place where there is a concentration of shopping, probably linked to leisure facilities such as restaurants, cinemas

Regional centres have offered commercial rivalry to the town centres, seeking to provide the same facilities in a more controlled environment, often with adjacent retail ware-

Here, then, is a built-in clash of commercial and planning interests: on the one hand, property owners with existing town-centre investments, and local anthorities anxious to preserve the health of traditional centres; on the other, property developers who want to exploit a new trend, and local anthorities wishing to create new sources of employ-

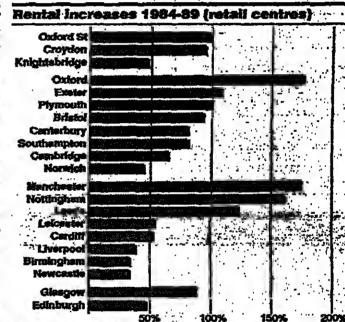
Yet the arguments between the two have never been as clear-cut as the basic interests might suggest. This has been seen in the attitude of retailers, anxious to bridge the gap hy having representation in both. Indeed, the Metrocentre at Gateshead would never have emerged in its present form had Marks & Spencer, traditionally a town-centre operator, not been prepared to chance its commercial arm at a new site without any retail his-

tory.
The standard argument advanced by the promoters of new regional centres is that they are complementary to traditional town-centre areas.

There is some force in this argument, given the rise this decade of consumer spending and the spread of car owner-

But enthusiasm among developers for regional centres has cooled, partly as a result of planning decisions, partly because some plans have fallen by the wayside. Hillier Parker, chartered sur-

veyors, has forecast that, in regional and district shopping centres together, 1.7m sq ft. of space will be opened this year; and 4.4m sq ft in 1990. This compares with a total of up to 1.2m sq ft between 1976 and 1985, a period when the main



example of regional centre was the Hammerson development of Brent Cross, in north Lon-

Leaving aside the experience of Brent Cross, which has long been part of the northern Lon-don retail fabric, the experience of the new regional cen-

Enthusiasm among developers has cooled, partly because some plans have fallen by the wayside

tres – and, so far, this means the Metrocentre, and Merry Hill at Dudley – is really too limited to point up more than a few elements likely to lead to

But studies by the Oxford Institute of Retail Manage-ment, at Templeton College, for the developing Meadowhall centre, near Sheffield, suggest that there are three critical factors for any regional centre: true case of access; the choice and strength of the retail offering ("sheer size is an attrac-tion"); and the existence of a regional catchment area.

Commercial success for a regional centre - and distress for nearby secondary centres - can only be measured over time. The Metrocentre has climbed to an annual turnover, in the estimate of Chesterton, the managing agents, of more than 2300m, But the early experience of some retailers, whether because they offered the wrong sort of goods or did

not suitably design and present their shops, is known to have been disappointing. More knowledge on centre

performance will soon be forthcoming. From the plethora of applications, a few have now been chosen. At Thurrock Capital & Counties is pushing ahead with the construction of the only new centre on the M25. Meadowhall will open next year, Merry Hill is trading and expanding at the same time. Shopping facilities, of a size suitable for a regional centre, are part of the Canary Wharf development, under construction by Olympia & York, in London Docklands.

Meanwhile, the planning process has selected the sites for regional centres at Exeter and Leeds. The Manchester Ship Canal Company's propos als, at Dumplington, are preferred by the Department of Environment to plans for other sites in the Manchester area. Sandwell Mall, near Rirming-ham, has long had outline planning permission. These decisions suggest that

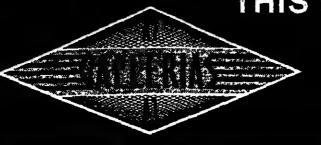
each conurbation will have a new regional centre in the next few years, adding a new geo-graphical dimension to the retail network. This move is probably impervious to short-term nervousness about interest rates. Unlike quickly constructed retail warehouses, they are long-term projects. responsive more to demographic and social trends then to immediate quirks in the

**Paul Cheeseright** 

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**── M.25-3 MINUTES** 



CONCERN FOR the Green Belt

and the future of existing

town centres has been the main factor behind the Gov-

ernment'e approach to the planning of what it calls "major retail development".

The Department of Environment overshadows the local authorities in the determination of planning envilopment.

tion of plauning applications for any retail development of more than 250,000 square feet,

following a decision nearly

three years ago.
At that time, proposals for

At that time, proposals for new centres, often in the Green Belt, seemed to be com-ing out almost once a week. Regional shopping centres were perceived to be the hig threat to the sanctity of the Green Belt – and, indeed, to the Conservative vote in some of the shipes. The force of the

of the shires. The focus of the Green Belt debate has shifted

## The rules begin to change

THE GIANT swathes that British retailing has been able to cut through town and coun-tryside during the 1980s has been due partly to the power of design to communicate new ideas and developments.

From the city-centre shopping complex to the ont-of-town retail shed, developers – and the multiple chains which support them – have leant heavily on the skills of design-ers to appeal to council members, community leaders and

The result has been a dra-matic reshaping of the physical and commercial landscape in most regions. According to Carl Gardner and Julie Shep-pard, authors of an important new book\*, this retail revolu-tion "is arguably the most sig-nificant, far reaching eco-nomic and social phenomenon of the arge."

They argue that "retail cul-ture" is now all-pervading— "it has colonised huge areas of our social life outside the traditional high street, from sporting venues to art centres, from railway termini to museums". Since the early Next outlets which promoted a fresh and clear expression of design from 1982 onwards, designers have been in the engine-room of retail growth.

But now, after a summer of standstill retail growth and interest rate hikes, the retail market has cooled. Closures and cutbacks abound. Invest-ment is on hold, and the sector bas itself cooled towards

One City analyst puts it bluntly: "Designers and retailers got carried away with design for its own sake." Even designers themselves admit that retailers were entranced by the visual pyrotechnics to the extent that they neglected such basics as location and access in shop property.

SHOPPING

field sites.

or even mix the two.

the only reason why an urban scheme should become a candi date for refurbishment.

"I think we can track the

interest in refurbishments back to 1984, when the whole

retail scene really began to hot up," says Elizabeth Howard, research assistant for the Oxford Institute of Retail Man-

agement, Templeton College

She explains that refurbishment plans, drawn in reaction to the physical state of proper-

ties, were speedily advanced as city shopping centres tried to revitalise their images in the face of new competition from out-of-town retail parks.

This view is supported by a

"Just over three quarters of refurbishments are taking

place in schemes which were built 11 or more years ago. There is a bias towards older

schemes, but it is not as strong as might be expected. The fig-ures for the oldest schemes (16

to 21 years) are no higher than for the 11-to-15 year olds. The Hillier Parker report

highlighted another interest-ing result" four of the retur-bishments were among schemes which had opened in the last five years. Even the newest designs were subject to

substantial alteration.

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Senior designers are talking of a "siege mentality" among retailers, which is spreading to developers. The influential flagships of designer retailing in the 1980s — Next and Sir Terence Conran's Storehouse are both troubled. Next, in particular, has just turned in appalling results: profits ished from £30.9m to £16.2m on turnover down from £544m

Sncb a disastrons result makes Next'e string of design awards look irrelevant, and serves to emphasise the feeling

Some designers even invested in the American retail design market. But this has proved a fragile boithole

of many designers - that design can only be one element in a package of factors contributing to retail success. According to Stefan Zachard managing director of McColl

design consultancy: "The most successful retailers haven't always had the best visual design. They've achieved excel-lence by having great mer-chandise and building up trust with the customer. If I had to make an order of priority for retailers, it would be products first, standard of service sec-ond, and image and retail environment third. I've always preached that design is not a cosmetic add-on but a strategic weapon as part of an overall

policy."
A fantastical design statement, such as Next's Department X youth fashion store in Oxford Street, London, which resembles a Constructivist age — even though it only opened last year.
Department X won the top retail prize in the 1969 Design Effectiveness Awards. But what price its outlandish environment now that high street spending has been so severely curtailed? Boots' Children's World was expether winner But World was another winner. But Henry Bowrey, director of operations at this new retall venture, is careful to put

venture, is careful to put design in perspective design can help to present merchandise, he says, but the merchandise hut always be "the hero".

The feeling in the retail industry is that you can't put all the blame at the door of design. Even those who have design. Even those who have been forced into receivership by the current climate are san-guine. John Phillips launched the After Dark lighting chain on two prime London sites last year, with a smart retail concept and identity, and a plan to extend to the Home Counties if all went well. It didn't. As tha home furnishings spending was progressively squeezed, the bank grew impatient and pulled the plug in May this

ence, Phillips believes the high cost of property and borrowing money - not design - led to
After Dark's downfall. He suggests that the rewards were so
great in the boom years of retail that "people were pre-pared to pay silly money to get those rewards, in shopfitting, the cost of premises and so on. But they never paid silly money for design."

Even so, cuts are hitting the consultancies. Once. designers would automatically enjoy the fruits of a nationwide store rol-lout having devised a new for-mat. Now, much of this lucrative work is being done in-house by retailers, or farmed out to assorted local contracappears a relic from a previous tors and shopfitters.

to by-pass the blackspot of UK retailing by taking their retail skills into other areas of the British economy such as leisure and tourism, and other markets for retailing such as mainland Europe where there are many new opportunities in anticipation of the single mar-

Some designers even invested in the American retail design market. But this has proved a fragile bolthole: the 1987 Wall Street crash and a bitter takeover battle in the department store sector put

much design work on ice.
The design industry now realises that the rules of retail design are changing. James Woudhuysen, who has set up the European Design Laboratory of Anglo-American design group Fitch-RS, believes that an activity which was essentially cosmetic in the 1980s will tially cosmetic in the 1980s will now put more emphasis on strategy, ergonomics and psy-chology. In particular, much effort will be spent on improv-ing staff morale and conditions, so that retailers give "more relaxed, better informed courteous and efficient ssr-

Crighton creative director Jon Wealleans, whose consultancy has recently completed the First department store for British Airways, puts it another way. He quotes Le Corbusier's maxim from the 1920s: "Architects must stop being drawing-board stylists and become organisers."
If service replaces design a

the motivating force for retailers in the 1990s, then designers still believe they have a lot of strategic advice to offer \*Consuming Passion: the Rise of Retail Culture, by Carl Gardner and Julie Sheppard, Unwin Hyman (£14.95).

Jeremy Myerson



Whiteleys: skillfully tackled from the inside out

Refurbishment is helping town centres compete with rivals

## Civilising the concrete jungle

don't want a quick in-out tenancy, they want a centre that offers them and their customers decent car-parking, eating and other facilities."

Hillier Parker research report on shopping centre refurbish-ment, which tracked 77 schemes, and which concluded: His consultancy has just fin-ished a £12m retail refurbishcentre, at Uxbridge, for the

> Not every project entails buildozing past aspirations and designs that were well-intended at the time

> Prudential Corporation, which was officially opened this

Charles Dunnett, shopping centres director at Fitch Benoy, has an explanation for the failure of these earlier week. The original 1970s centre consisted of two windswept precincts with wide, exposed mails and undersized shop fronts. The British weather, vandals and poor access all contributed to a poor image, but the owners had to take shopping centres to meet changing consumer needs: "The developments tended to be viewed as a developer'a proposition rather than a mangement proposition. Retailers

commercial onslaught of newer, more vital centres at

Ealing, Harrow and points along the M25.

The centre was roofed in, given new facias, lighting, narrower walkways and wider shop fronts. Fitch Benoy also installed believe the region for the control of installed baby-changing facili-ties and provided for the disa-bled. So far, the new-look Pavilions has attracted 32 new

Yet Uxbridge is cosmetic job by comparison with plans for Birmingham and Leicester city centres. Design consultancy McColl is working on a scheme to revitalise the Leicester Haymarket shopping centre, another 1960s shrine to concrete. The sim is to give the centre and the surrounding area what McColl director Chris Munday-Chanin feels it lacks - cohesive destination.

Meanwhile, multi-million pound redevelopment work is underway in Birmingham. Barwas given to the London and

Edinburgh Trust's £250m scheme to redevelop the Bull that many would gladly pay to see demolished tomorrow. But the second city's it is not the only landmark that will

not be mourned by local peo-ple. UK Land plc has announced plans to completely refurbish and extend the Ele-phant and Castle shopping centre, in South London. Since it opened in the 1960s, the centre has never traded successfully. Now, a proposed retail-leisure me - again designed by Fitch: Benoy - is set to add 250,000sq ft of business space and give the completed development a value of around

bishment entails buildozing past aspirations and designs time. That at Whiteleys of Bayswater, for instance, has been skilfully tackled from the inside ont. Snbsequently £42.5m has been invested to refurbish and partially rebuild the stylish Grade 2 listed build-ing, derelict since the original Edwardian store closed for

trading in 1961.
Building Design Partnership was appointed by the developers, the Whiteleys Partnership, to mastermind the transformation of the architecture and its tion of the architecture and its interiors, to house 80 shops, cafes, restaurants along with a multiplex cinema within 290,000sq ft of space.

No less than £5m has been spent on restoration of existing features, of the original 1912

gance of the original 1912
building, designed by Blecher
and Joses, has been retained,
along with a façade designed in
1927 by Curtis Green. But two
thirds of Whiteleys is, in fact,
new: behind the retained elements, a haphazard collection
of buildings in poor repair has of buildings in poor repair has been torn down and replaced with a four-storey structure. Yet, walk round the perime ter and it is hard to detect where refurbishment of the old ends and construction of the new begins, so finely tuned is the architectural work to the historic nuances of the once-

great department. Such schemes demonstrate how sophisticated designers and developers are becoming in refurbishment centres. There always was an element of make-believe in retailing now it extends to the walls and

#### PLANNING

## Tight buckle on the Green Belt

whole". New centres have no place to the Green Belt, nor are they generally acceptable in the open countryside. They might be suitable for reclaiming large areas of derelict land, where the effect on nearby town centres is diffuse. The Government appears to want new centres situated within urban areas. The circular encourages local authorities to give over industrial land, where there is more than enough available, to retailing.

since then, and development Developers and landowners, owever, have generally seen pressures have eased. But the role of the Dok remains. The starting point for the determination of the planning the existence of motorway access as a necessity for major new centres. They have pre-ferred greenfield sites to those hemmed in by urban activiapplications is a planning pol icy guidance note, circulated in January 1988. For many in the retail industry it is an ties. They have seen derelict land, even if in the Green Belt, unsatisfactory document, seen as too vague and open to too as a natural site for a new

many interpretations.

The Government starts from
the belief that it is not its task Between 1986 and 1988 especially, there was therefore a host of applications for new to interfere in retail competisbopping centres along the M25 London Orbital, which tion. Thne it deprecates attempts to make detailed forecasts of retail growth or of the geographical distribution itself cuts through the Green Belt. And applications came in that, had they been accepted and constructed, would have surrounded most of the larger of retailing. But the circular refines this position, by seeking to set

down criteria to establish where new developments are unsuitable. Thus they should towns and cities with new shopping centres. was not surprising that a head of opinion built up against any relaxed planning not be of the kind, or on the scale, that "could seriously policy for shopping centres. Southampton City Council, for affect the vitality and viability of a nearby town centre as a

example, sought to enlist the support of other local authorisupport of other local author-ties in a campaign against out-of-town shopping centres. But there has also been a quieter effort, by what became known as the Oxford Group, not so much to oppose all outof-town shopping develop-ment, as to clarify the Government's planning circular and to make certain that, where

major developments take place outside the traditional areas, they are carefully controlled. The Oxford Group, based on the Oxford Institute of Retail Management, brings together a group of retailers, property investment and development companies, institutional prop-erty owners and chartered sur-

Earlier this year, it produced its own alternative to the Government's planning circular, refining further the constraints on shopping centre development. On top of the Green Belt prohibition, new centres would not be accept-able where they created a new focus of activity in a region where no major growth is planned. Nor would they be acceptable if they placed unac-ceptable loads on the road net-work, or inhibited major investmenmt initiatives in town or city centres.

At the same time, the Oxford Group did not want new in-town shopping centres

that were not integrated into the existing street network or townscape, or were not associated with the general improvement of a town's environment

ment of a town's environment or infrastructure.

Against this background of debate, the Government has been acting on the shopping centre applications which have been winding their way through the planning process, usually by way of public enquiries and reports from planning inspectors.

planning inspectors. An application for a centre An application for a centre outside Bristol, led by Prudential, was deemed to be against the policy set out in the circular, because of its impact on the city centre. And the Prudential lost its fight to create a new centre in the Kent Green Belt, at Hewitts Farm near Opposition. Orpington. ARC Properties lost its attempt to create a new centre at Wraysbury, near the M4. but also in the Green Belt. Where a number of planning applications have been drawn together into one, or a series of, public enquiries (as in Exeter and Manchester), the Government has found itself

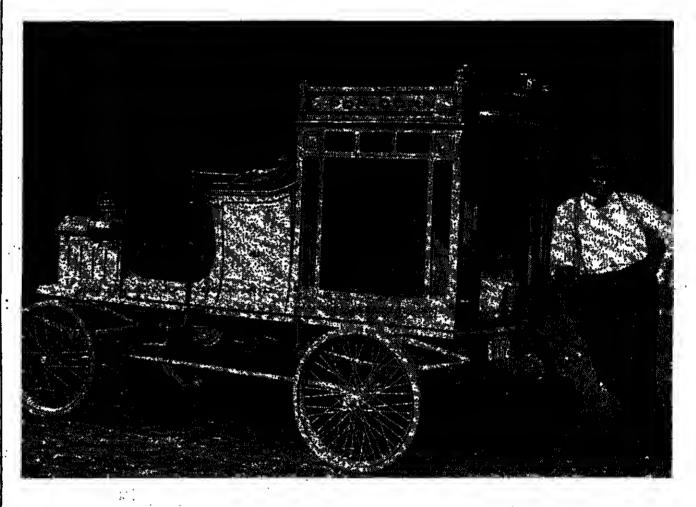
selecting one site ont of a choice of several. The Dok usually states that each application is considered on its merits; but, if there is one strong theme that has emerged from the series of decisions, it is that the Government will not permit inter-ference with the Green Belt. Its firmness was demon-strated when it awarded costs against ABC Properties for its planning appeal over Wrays-bury: the company should have known that it did not

have enough evidence to make

its case for Green Belt develop-

ment exceptional.

**Paul Cheeseright** 



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## 'Running his own high street'

Metrocentre's manager, Mr John Bryson, and his staff set np Europe's biggest out-of-town shopping mall, they jok-ingly called it Toytown.

We had our fireman, our reverend, our policemen," he says. "I don't know who Larry the Lamb was, but I suppose I was the mayor.

Today, when he talks about the centre, he can be caught calling it simply "town". Certainly, the Metrocentre, where ar up to 19m people wandered through three tiled and palmy miles of shops, restaurants, cinemas, bowling alleys and the Metroland funpark, is no toy. And while Mr Bryson is not quite Metrocentre's mayor, his central role in shaping the project does make him one of an embryonic breed of town managers for the 1990s.
It is a role in which the 52-

year-old Mr Bryson is happy to cast himself. He quotes from an article in a recent British Council of Shopping Centres publication, which specula-tively set out a job description of a town manager of the future. The list of tasks included responsibility for public works, marketing the town, liaison with the private sector and poblic authorities, co-ordinating police, transport, lighting, public conveniences,

parking gardening — almost anything faintly urban that you can imagine.

"That could be describing my job," says Mr Bryson. "All these things I have to think about all the time." about all the time."

One might have expected the c.v. for such a job to include at least a spell in local government, town planning or construction. However, Mr Bryson is a retailer, through and through — an old fashioned

He joined Broadbent's department store, in Southport, after reading astronomy at university, and worked his way through the departments. From there, he joined Elliston and Cavell, Oxford's paragon old English store, as a fashion buying manager, before joining Debenhams' central buying

County and New Town Properties then tempted him away,



just be one of the departments.

The astronomy degree helps, because anything with 16 noughts on the end is quite

familiar," he adds, half seri-

Figures released this month.

from a study by PA Cambridge Economic Consultants, show

that visits to the centre

reached between 15.5m and

19m in 1988. An average group

of visitors spent on average £52. And a turnover is esti-

mated by the consultants at between £320m and 360m. Mr Bryson adds that they fish

£10,000 a year in loose change

He speaks as prondly, though, of what he sees as the

centre's social success, and

points out that, since it opened, other local retail cen-

tres do seem not to have suf-

fered as much as they had

feared. From this, he infers that, while people still shop in their local haunts, they also

like to take a day out at the

centre. "People dress up to come here. You never see any-one on our streets in curlers."

private property, Mr Bryson and his team have been free to

mould their town centre, untrammelled by the jigsaw complexities of zone and by-law rules and the union,

local authority and political

pressures which define the planning of real centres. To that extent, and because it houses only shoppers and no

office workers, residents or

transients, it is something of a

trick, he believes, has been

strict control of its environ-

But the Metrocentre's real

toy town.

Because the Metrocentre is

from the fountains alone.

John Bryson: 'people dress up to come here'

to revive the ailing Civil Service store, in The Strand, a challenge Mr Bryson was reiishing until the store burned down in 1982. He left to join the John Lewis Partnership, in

Bristol, for three years. Then he saw the advertisement for Metrocentre manager.
"My wife said 'you've done all
you can in retailing'," he
recalls. "Why not see if you
can run your own high street'." He applied, and found Mr John Hall, the centre's founder and wellspring of inspiration, keen to appoint a retailer to the post; particu-larly one who shared his view of the kind of need the Metro-

centre was designed to meet.
This was, as Mr Bryson characterises it, the public's "suppressed demand" for a clean, safe, town centre with free parking and quality shops. The place was to reflect old valoes," says Mr Bryson. "The public's enjoyment in the high street, which has been lost, was the pleasure of a family going out to town once a week." For its tenants, meanwhile, the centre was to be a high street any retailer would

give an arm to trade on. Mr Bryson put together a management team of seven, and oversaw the centre's organic and swift growth up to and after its opening in Octo-ber 1986. Today the centre has 360 shops, employing about 5,000 staff. The management staff alone numbers 185 and includes a chaplain.

Mr Brysou prides himself on comprehending the size of the project without being overawed. It helped, he says, to see the centre as one big department store, one where Marks &

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**Gross Frontage** 

ment; and this is not so much a question of the microchipcontrolled lighting and microclimate as of gently shaping the social environment.

This is something Mr Bryson is far more strongly placed to enforce than public bodies, because the Metrocentre has no by-laws as such, but rather a walkways agreement, which enables the landlords (the Church Commissioners, who own the centre) to decree which activities are allowed in

the centre. So the shoppers' streets are not only kept swept and gleaming, they are also kept largely free of social nuisance. Canvassing - political or commer-cial - is strictly controlled; alcohol may not be drunk on the walkways; and a team of security guards works with the police to deter crime.

Mr Bryson stresses that the security men are there for assistance - to jump-start cars or show people the way - as much as to catch thieves or vandals. Nonetheless, he says that retailers report shrinkage in the centre to be a tenth of their branches elsewhere and can point to graffiti-free walls

The result, Mr Bryson emphasises, is that he and his team have created "an orderly society within the confines of the development". If this sounds like a political conclu-sion, he partly agrees: "It is political, but we don't see it as politics. I call it social engi-

IF FALLING consumer spending is not enough to scare some retailers and landlords witless, impending local authority financial reforms should do the trick.

The tinkle of cash-tills will be all the more muffled by a new system of business rates, which will hit Britain's high streets and help to throw prop-

erty valuations into turmoil.

The strong will survive.
Charges for local services, despite their high political profile, have always been a minor part of major retailers' costs, playing a weak second fiddle to salaries. But the weak could suffer badly, as the new Uniform Business Rate eats a large hole in declining profits.

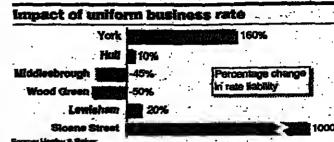
The new tax is meant to

tions, cutting the burden on retailers paying for high-spending local authorities and raising rates where a council has been less demanding. The real impact will be far more complex. however.

The main problem comes from the general revaluation of business property, necessary to set a standard for charging the UBR. This will hammer the retail sector, because shop rents have soared much higher than those of offices and industry since the base level was set 15 years ago. The Inland Revenue forecast a modest average 18 per cent annual rise in hills, but City analysts fear increases of between 40 and 100 per cent for quoted retailers. They have the best sites, which have appreciated in value the

The south is intended to suffer, while the north benefits, compensating for the imbalance in growth. Increases of more than 300 per cent in Croydon and London's Knights**RENTS and RATES** 

## New tax will erode profit



bridge area have been forecast by agents Debenham Tewson & Chinnocks. But that is too simplistic a generalisation. Many provincial high streets have also boomed. While Middlesbrough retailers may benefit from an average cut of 45 per cent, shops in York will face a 160 per cent average increase, according to Paul Bayram, at Healey & Baker.

The impact will also vary

from shop to shop and tensnit to tensnit, because so many other factors are involved, particularly the profitability of individual retailers.

Chris Williams, at Citicorp Scringeour Vickers, dismiss the overall impact on major stores, pointing out that rates represent only 1 per cent of sales. With the Government capping rises to 20 per cent a year, this would mean a hardly noticeable 0.2 per cent annual cut in margins. But he says UBR will contribute to the slowdown, and hit sluggish sectors such as estate agency

and white goods stores hard. A more pessimistic conclusion from Debenham Tewson & Chimocks' Reyond the Boom retail report is that URR will have a significant impact on rents. This is partly because donr view by Charles Nichols, at UBS Phillips & Drew. Re

points out that rates represent around 25 per cent of quoted retailers' profits, and that weaker operators face particular danger from hefty cost

increases.

Marks & Spencer has an estimated rates bill of £35m, compared with projected profits of more than £300m, so the group could shrug off relatively large increases. But Storehouse pays local authorities an estimated £25m to £30m a year, equiva-lent to the whole of its forecast annual gross profits. A hefty extra burden from UBR will be

hard to swallow. Chains with a spread of property, between areas that gain and those that lose, will gain on the swings what they lose on the roundabouts, but some branches may still have to close. Single-branch operations trapped in a highvalue area have most to fear, particularly if profits are weak. A store in the heart of London's West End, already suffering from massive rent increases after the spending boom, will also face horren-

Phasing UBR over five years is meant to cushion the impact, but there are pitfalls in the small print. A shop off Oxford Street, facing a 1,200 per cent rate increase, would see this cut to a maximum of

20 per cent each year (plus the current inflation rate). "That would still not clear the increase after five years, leaving the prospect of a big hike in costs at the end," says Paul

Bayram. There is no certainty that the Government would continue phasing after 1994, anyway, and the inflation adjustment factor also seems likely to be cut before then. Areas which gain from UBR will face a similar phasing in of benefits, and, as the national rating account is likely to be overfunded within a couple of years, pressure will build up for immediate full implementa-

tion of the changes. Tenants who move after next April will not benefit from phasing, anyway – a quirk that could block some retailers' exits from high-rate locations, as they will find it hard to re-

as they will him to the tenant faces full UBR.

Chris Williams says successful retailers will absorb these higher costs as the price of expansion into better premises or locations. This could limit the dampening effect on rents, although he sees a decline from the current 20 per cent annual rise to single figures due to a general decline in the market. But surveyors and investors will be left in a spin about how much each property is worth, because values will vary according to the qualifications of the tenant as much as the condition and location of the property. Just to add to the complexity, separate new regu-lations mean that some tenants must be charged VAT on rems. even though they cannot pass

on the charge. Catch-all indicators of market rents for an area, or even a high street, will become almost meaningless until the market settles down: Rent reviews and portfolio valuation over the next few years could become a series of inspired guesses. The number of rate and rent appeals will explode. It is all a long way from the simple idea of evening out injustices in commercial rate bills.

.: David Lawson

#### **Practical issues** are surfacing MOST LEADING retailers are vigilant about customer satisfaction - they wouldn't stay in business otherwise. Some wish that more devel-

THE OCCUPIER

pers would follow their lead. The quality of recent shopping centre schemes is a class above anything seen before, but that has not stifled persistent. grumbles from tenants who insist they are not getting

their money's worth.

The gap between builder and. occupier is surprising, considput into these schemes. Chris Phillips, at Healey & Baker, admits that developers used to plough into schemes regard-less of what the tenants might demand. The windswept plazas and threatening car-parks of

A recent study shows shop-owners more interested in customer circulation and

parking than in award-winning designs

1970s centres show how recently this was going on. Nowadays they realise they will not attract good rents and funding unless they get things

right, he says. Not everyone is a good developer, however, particularly during boom times. Retailers accept much lower standards, just to grab a place in a new development or important street, according to Nigel Fransham, at Chestertons. Complaints dribble in later and drone on for years.
Mr Phillips also points to multiple retailers that rushed into the Covent Garden area once they realised it had become a powerful magnet. They had to put up with cramped spaces, because there was no possibility of building

Weakening demand and flourishing supplies of new space will bring underlying complaints to the surface. Space will be harder to shift, and poor developments could go to the wall.

"Developers will have to look more to the demands of retailers," says Mr Fransham. There is often a gap between what retailers want and what developers think they want, despite all the sophisticated research. Most major schemes are more like spectacular entertainment centres than entertainment centres than shopping parades, as designers dream up more and more fan-tastic "life experiences". Foun-tains, food courts and glass lifts proliferate in a glitz were aimed at attracting customers from traditional high streets and rival centres.

and rival centres.
Yet a recent study shows shop-owners are indifferent to award-winning designs. They are more interested in practical issues, like customer circulation, adequate parking and a good tenant mix, said Peter Hoffman, of Morgan Grenfell Laurie, said in a report for the International Council of Shopping Centres conference, in ping Centres conference, in Vienna.

Money comes top of their list. Half the retailers questioned were keen to try turn-over rents, which are still relatively rare in the UK. "Friendly" entrances and exits and good signage also rated

depends on mundane but necssary aspects such as these," said the MGL report, which called for "effective dislogne" between landlords and tenants to accurately assess needs.

Getting the nuts and bolts

right seems to have been well absorbed by agents like Chris Phillips, who insists that details such as floor loading, unit sizes and celling heights are researched closely before any good develop But a cynicism about the

ubiquitous show-biz elem of many centres seems to per-sist. Geoff Mulcahy, chief exec-utive of Khoglisher (nee Woolworths), has cast doubt on the fad of importing spectacular ideas from the US. Shopping centres, like retail formats, do not necessarily travel well across the Atlantic, he said particularly when they have to overcome problems of British land shortages, lower car ownership and poor weather.

"Developers will have to be more attuned to meeting our space needs, rather than fulfilling their own fantasies," be

Whether these space needs are more important than shop-pers' needs remains a moot point. Retailers claim they are the same thing: they only want what the customer oint. Retailers claim they are wants. Agents believe shop-owners are sometimes blinded to the public's desire by their own technical demand Mr Mulcahy would insist that shoppers dream about a good mix of shops in a covered centre with adequate parking. A developer might add that they could have all this — plus

it is worth remembering that, in the struggle of wills, retailers are a poor lot when it comes to organising. development.

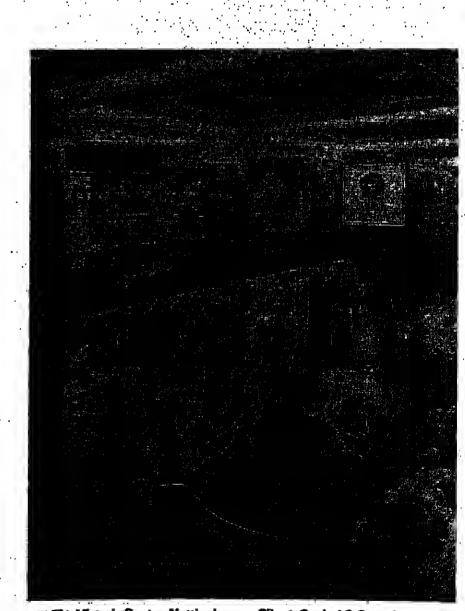
a few food courts and water falls to liven up the experi-

this struggle of wills, that retailers are a poor lot when it comes to organising develop ment. Pewer than a fifth have ever been involved in new building. Almost 90 per cent of the rest, which concentrate on fitting out new stores and altering old ones, admitted to Peat Marwick McLintock researchers that their own property departments had problems staying within budget. Two-thirds spilled over planned time-limits for projects, and three quarters were also unhappy with their own standards of maintenance and

service charges.

If they cannot run their own projects, it might be danger-ous to submit totally to their views on building the centres they occupy. But it seems likely that, as the spending boom subsides, tenants' views will assume control. Shopping could slip back slightly into a more dour mould, and the fourthing way down about the fourthing way down the fourthing way down the fourthing way down the state. fountains run dry, unless fen-ants can be convinced that the extra expense will bring in

David Lawson



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#### **UK COMPANY NEWS**

## N Brown defies postal disruption to rise 10%

OC. CBEB 34 PA

The state of the s

N BROWN Group, the direct mail order concern, achieved a 10 per cent increase in first-half profits.

Pre-tax profits in the half year to September 2 advanced to £5.19m (£4.7m), on sales ahead to £56.72m. Within the total, mail order profits rose 25 per cent to £4.8m. The shares

put on 6p to 144p.
Sir David Alliance, chairman, sounded e note of caution about the second half, given "the current state of sentiment in the consumer market". However, he added: "I have every reason to remain confident about prospects based on sales

Mr Alan Dean, chief executive, said he was highly satis-fied by the performance of the mail order side. Sales rose 11 per cent to £52.5m. Mail order operating profits were up 40 per cent but interest charges

rose sharply.

Mr Dean said the group was trying to restore customers' confidence in mail order after last entumn's postal strike. It had concentrated its marketing efforts on the customers most

per person. (5.32p)
It had maintained its number of "live" customers, and 1.575p.
margins had risen. Sir David

said: "We are on course to restore our net margins to their previous levels."

• COMMENT

These figures were excellent given the difficult background The group's customer base is for retailers in general and for largely of older people who are mail order companies in particless affected by increases in ular following the postal strike.

and pension fund business.

likely to spend, and had fin to 22.71m. Earnings per increased the amount spent share rose 7 per cent to 5.7p per person.

It had maintained its numdend is up by 5 per cent to

COMMENT

interest rates, end are often ignored by high-street ahops. They demonstrate the power of ignored by high-street ahops. Brown'e database and its ability to target the most profitable any noticeable increase in had debts.

The non-mail order activities ones. The setbacks last year saw a halving in profits. Dunlop Heywood, a commercial company's growth, which had surveyor, increased its income sen running at an annual 30 per cent profit increase. The and opened a new office in per cent profit increase. The Glasgow, and contributed a black spot is the financial ser2500,000 profit. But losses at vices business chosen as a Morfitt & Turnbull, a fund diversification, but surely now management business, cut the a candidate for sale if a decent total to £420,000, down from offer was to turn up. Current 2890,000. This husiness was affected by uncertainty from the regulatory authorities over some of its products and by cuts in commissions on life and pension fund business. the start of Brown's share The interest charge rose over price recovery.

## Most of Coats/Tootal merger is shown green flag

THE MONOPOLIES and Mergers Commission has found that the merger between Coats Vivella and the Tootal Group would have no adverse effects would have no adverse enects on competition in the UK tex-tiles industry except in the needlework thread market. After a three-month investi-

gation into the impact on com-petition of the agreed £395m takeover of Tootal by Coats which was announced last May, the Commission has con-cluded that the combined group would have a relatively small market share of many individual textile markets, desnite its overall size.

The 92-page report concentrates heavily on findings from the investigation into the effects of the merger on the industrial threed and UK domestic thread markets. The investigation found that the

"well over" 50 per cent of the UK market for the sale of domestic thread used for home needlework which it felt could have "a serious adverse effect on" competition.

To ensure that there was not a lowering of competitive conditions in the domestic thread business the Commission end

that Costs must sell the business and dispose of its 20 per cent bolding in Gntermann, a Swiss/German thread company, before the merger could

Coats and Tootal told the Commission that salas of domestic thread in the UK totalled £10m last year, with Coats' sales totalling £1.8m and Tootal's £3.7m. Gutermann'e

UK sales were £2m.
"We have decided that, if the merger were allowed, there would be a reduction of compe-

new company	MOUIG DAVE	THOR TO	the extent	mat the
UI	THREAD MA	RKET (	1988)	
	Sales(Em		Market	shere(%)
Coats	1.8		18	
Tootal	3.7		37	
Gütermann	2		20	
Leicester	0.4		4	
Polysew	0.4		4	
Korbond	0.2		2	
Other	1.6		15	
Total	10.0		100	

public interest in maintaining choice and supply of domestic thread at reasonable price lev-ele would be adversely affected," the report said.

The Commission concluded

The Commission concluded that the merger would create the world's largest producer of industrial sewing thread with more than 40 per cent of the UK market. The Commission said this would not have e "serious adverse effect" on competition.

After careful consideration of the market for industrial thread and an examination of the ability of other suppliers to compete with the combined group, offering thread manu-factured in the United Kingdom, or imported from else-where in Europe or the rest of the world, we have decided that the merger would not have a serious adverse effect on competition for the supply of industrial thread," the

report said.

The UK market for industrial thread is about £90m a year. Tootal has 23 per cent of the market, Coats has 18, and other companies have 10.

In coming to the conclusion that the market would not

that the merger would not have a serious adverse effect on competition in the indus-trial thread market, the Commission also concluded that there are many thousands of average price 11.75

users and that there is "significant" price competition, with quality of the thread an important consideration.

The report said that worries about the merger were expressed by an unnamed major UK garment manufac-turer which believed that it would lead to higher thread

However, Courtaulds, the biggest UK user of industrial thread, did not oppose the merger and did not consider that it would provide the opportunity to increase prices

Marks & Spencer, a major client for industrial thread from both companies, said that the concentration of market share would not be against its interests because thread was traded internationally and represents only a small proportion of the cost of a garment. Coats and Tootal argued that

the merger would greatly Her Maje increase efficiency and allow 23.10 net

the combined group to achieve increased international com-petitiveness.

"Coats and Tootal told us that, by bringing together two groups with complementary skills and portfolios in both geographic and product terms, the proposed merger provided major opportunities internationally for improved marketing, production and supply of products, which would make the merged group a more effective competitor internationally, in particular with large Japanese trading houses," the report said. The companies told the inquiry that they expected the combined workforce to be reduced by 500 to "Coats and Tootal told us force to be reduced by 500 to 43,500 following the merger and expected most of the jobs to go through natural wastage. Coats Viyella PLC and Tootal Group PLC

A report on the merger situa Her Majesty's Stationery Office

## Wormald drops request for Holmes shareholder meeting

By Andrew Hill

HOLMES Protection Group's largest shareholder, Wormald International, has defused a potentially damaging dispute with the New York security company by agreeing to withdraw its request for a special shareholder meeting next

Wormald, an Australian fire protection company which owns 14.6 per cent of Holmes, aimed to elect five directors to the board next Wednes-

day. Insteed, Mr Eric Kohn, e director of Barons Financial Services (UK), Wormald's adviser, and not one of the five nominees, is to join the board. Wormald added that it would not actively seek to sell its stake until January 31

Both sides said yesterday

with the position.
Wormald wants to give Holmes "a new direction", fol-lowing a slump in the New York group's 1988 profits, But Holmes had accused Wormald of jeopardising the proposed sale of the company, set in motion formally at the end of

So far over 60 companies from Europe, the US and the Far East, have been approached by Salomon Brothers, which is handling the sale, and a deal is expected before Christman. before Christmas.

Holmes's shares, quoted in London, were yesterday unchanged at a low of 61p, valuing the group at about

Holmes said yesterday that if a sale had not been agreed by the end of January, Wormald that they were comfortable could ask the company to call director,

a shareholder meeting to consider any appropriate pro-posals from the Australian

Earlier this year, Wormald challenged Holmes in the US courts after the New York group allegedly denied Wor-maid's request for information about its shareholders.

The Australian group said yesterday that it would end pending US litigation aimed at recovering the costs of the earlier court proceed-

Holmes has also made two

further board appointments, Mr Ernest Potter, a former finance director of Cable & Wireless, will become a non-executive director and Mr John Flack, who joined Holmes as chief executive in May, will be an executive

TRANSPORT OF STREET AND CONTRACT CONTRACTOR PROPERTY SHAPE AND

## Canadian film laboratory

leisure and entertainments group, has arranged to buy out the remaining 51 per cent of The Film House Group, a lead-ing Canadian film processing laboratory. It acquired its original 49 per cent stake for C\$87.6m (£46m) in late-1988.

The deal is conditional on a successful leveraged buy-out hid being made for Cineplex Odean Corporation, the quoted Toronto-based cinema group which holds the 51 per cent interest in Film House.

Mr Garth Drabinsky, Cine-plex's chairman, and Mr Myron Gottleib vice-chairman, are considering a proposed cash offer for the company, but no formal offer has been made. If the offer does go ahead

by late-November if an expense

Secretary of the second of the

RANK ORGANISATION, the also make a secured loan to the Cineplex purchasers, helping

to fund the bid. cost of acquiring control of Film House and advancing the loan will not exceed \$100m (£62m). There has been speculation that the loan element might be about \$60m and the purchase price of the shares, some \$40m. The loan would be relatively small in the context of the bid itself, expected to total about \$1.25bn, including

corporate debt assumed.

Apart from the condition that the Cineplex buyout proceeds successfully, the Rank/ Film House transaction also depends on completion of a long-term film processing agreement between Film House and MCA, the US enterreimbursement agreement is to tainment group and a signifi-be implemented - Rank will cant shareholder in Cineplex.

## Rank plans to buy rest of Globe Trust assets rise 12%

GLOBE INVESTMENT Trust, the UK's largest investment trust, yesterday reported an 11.7 per cent increase in net assets per share during the six months to September 30 — easily outstripping the 8.7 per cent rise in the FT-A All-Share Index over the same period.

Net assets attributable to shareholders rose from £1.1bn to £1.24bn in the six-month period. Net asset value per share on a fully-diluted basis stood at 229.18p at end-September, compared with 205.14p six months earlier.

Globe attributed the firsthalf performance to a "repositioning" of its investment portfolio. According to Mr David Hardy, executive chairman, internal worries about the domestic outlook started to surface in July, at which point a major shift into cash or

The UK now accounts for

only half of the quoted portfo-lio, compared with some 70 per cent a year ago, and the trust has around £200m in cash. Can-tion on UK prospects has com-bined with e positive stance on the US currency; the trust has borrowed against the full value of its Japanese portfolio, and

moved the money into dollars. The wariness towards the UK investment scene will continue for some time, predicted Mr Hardy. "We're looking for a soft landing in the US, and a harder landing in the UK," he commented, adding that this may well throw up investment

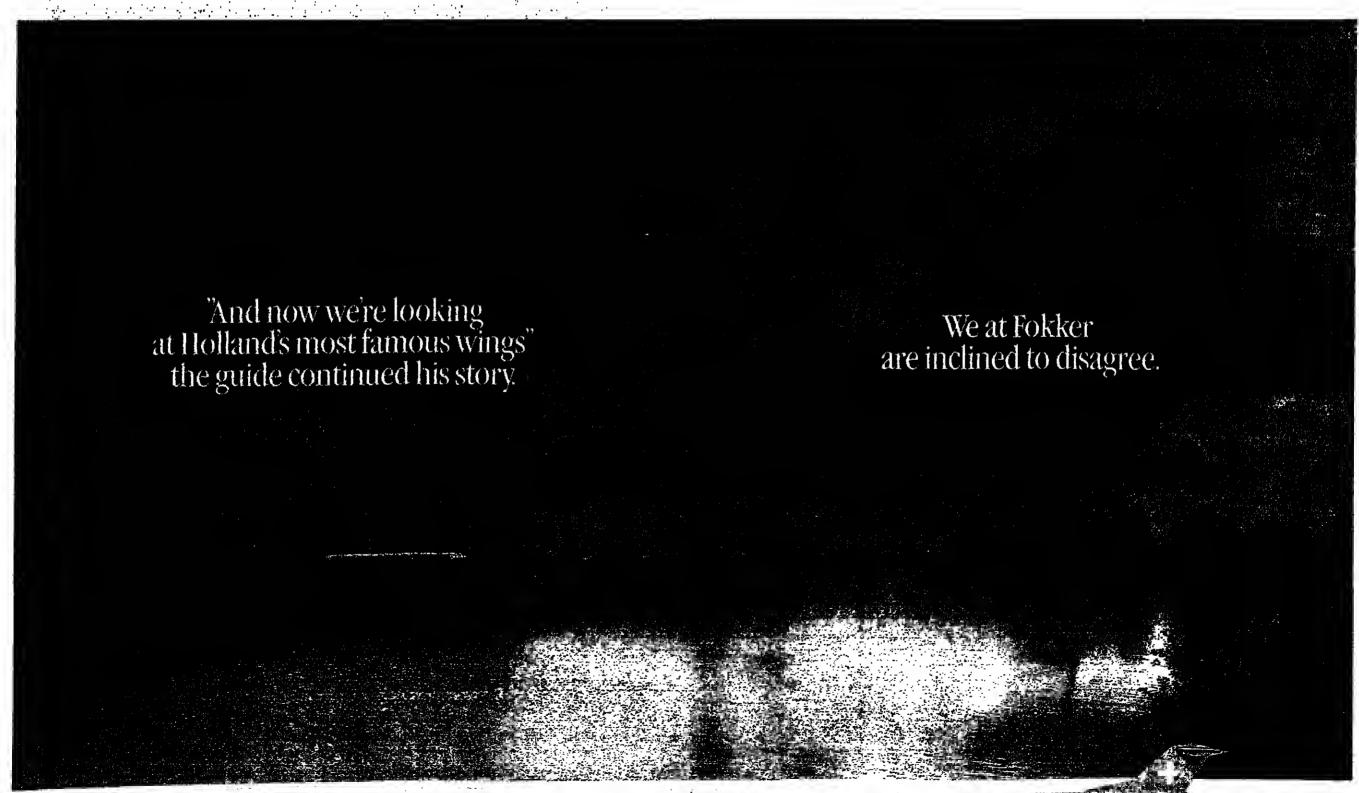
The unquoted portfolio now includes a significant holding in Isosceles, the newly-formed group which won a leveraged bid for the Gateway food retail company earlier this year. This is expected to total around £33m, once the current open offer to Isosceles shareholders is completed. Globe said that it also took up its rights in the refinancing of MFI, the furniture company bought out by management but which has subsequently hit trading diffi-

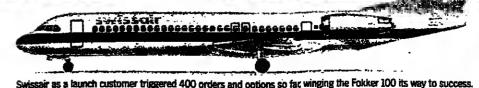
culties Profits before tax in the six monthe were £21.74m (£16.18m), with the trust's income up from £23.18m to £29.58m, but earnings from subsidiary companies slipping from £2.57m to £1.65m. Earn-

ings were 2.9p (2.21p).
The interim dividend is 1.78p, an increase of 10.56 per cent on the 1.61p of the previ-

#### Blenheim expands

Blenheim Exhibitions has acquired Southern and Sussex Craft Exhibitions and Maw Promotions for up to £600,000





appeals by two London Metal Exchange traders – J.H. Ray-ner (Mincing Lane), part of the

S&W Berisford group, and Maclaine Watson, a subsidiary of Drexel Burnham Lambert.

They also disposed of part of actions by other broker and bank creditors which had

joined in Rayner's action to argue on the members' liability

In the remaining part of those other actions the High Court ruled in February that

the non-UK ITC members did

not have sovereign immunity against creditors' damages claims based on alleged reck-less or fraudulent misrepresen-

The states were subject to the jurisdiction of the English court because of the commer-

cial nature of the transactions that gave rise to the creditors' claims, said Mr Justice Evans. The judge said that the six bank and nine broker creditors

had no sustainable case

against the UK for either negli-gent misrepresentation or fraudulent trading.

He said although the broker

creditors had a good claim against the UK for fraudulent misrepresentation, the 1828 Statute of Frauds (Amendment) Act gave the UK a defence to such a claim by pro-

viding that no legal action should be brought unless the representation relied on was made in writing and signed by

cost Australian wheat producers some US\$200m in 1987 and 1988 combined, and reduced

Australian production in 1987-88 by about Im tonnes, or 6 per cent."

Tha bureau acknowledges

that it is too optimistic to expect complete elimination of

support, but says assistance could be provided through

instruments which are far less

distortionary.
One possibility is "tradeable

support entitlements," in

which growers have an

entitlement to produce a lim-

less than would be produced

without government interven-

This would receive a price

higher than the world price

through US taxpayers,

and additional production

would receive the world price. US consumers would also pay the world price. The entitlements would be tradeable to

facilitate industry adjustment.

**WORLD COMMODITIES PRICES** 

75,242 lot

12,280 lot

6,676 fots

14,680 lots

3,291 lots

neisviupe 3

229 ¼ -229 ¼ 228 ¾ -229 ¼ 228 -237

£ equivalent

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US cts equiv

533.85

1 24 100

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Dec Ma

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48 28 15 19 46 86

quantity of grain which is

the defendants.

## ITC ruling dashes creditors' hopes

English law finds the council not liable, reports Raymond Hughes

HE MEMBERS of the cil, which collapsed in October, 1985, owing hundreds of millions of pounds, are not liable under English law for its debts, five Law Lords ruled

The 48-page ruling, coming after a hearing lasting nearly six weeks in June and July, was the final blow to the hopes of bank and broker creditors of the insolvent ITC that they might recover what they are owed from the council's members - the UK, 22 other states and the European Com-

The ruling upheld judgments by the High Court and Court of Appeal which, while suggest-ing that the FTC and its members had a moral responsibility to the creditors, ruled that English law gave the creditors

The Law Lords held that the ITC was a separate legal per-sonality distinct from its mem-bers; that the members were not liable for its debts because they had not been parties to the contracts it entered into; that there was no rule of international law making members of an international organisation jointly and severally liable for its debt defaults; that the ITC had not contracted as agent for its members; and that the UK courts could not

appoint a receiver of the ITC., Lord Griffiths said he dismissed the creditors' appeals with regret because in his view tbey "have suffered a grave injustice which Parliament never envisaged at the time legislation was first enacted to enable international organisa-tions to operate under English

Diamond miners

STRIKERS at De Beers' South

African diamond mines have begun returning to work after reaching agreement on

improved pay and holidays.
About 8,000 members of the
National Union of Minework-

ers (NUM) struck at the

diamond company's mines on

Monday after mediation had

failed to narrow the difference between the union's demand

for a 26.6 per cent wage increase and increases ranging from 16.5 per cent to 18 per cent offered by De

The union has accepted De

Beers' offer backdated to May

rather than to July 1, the usual

date for implementing annual

wage increases. In addition, the company has conceded

June 16, Soweto Day, as a paid

De Beers' South African

mines produce about one third of the group's diamonds, with

and Namibia where the NUM

is not represented.

return to work



Lord Griffiths: creditors 'suffered grave injustice'

The "obvious just solution," Lord Griffiths said, was that the governments that had contributed to the ITC's buffer stock "should provide it with funds to settle its debts in the same proportion that they con-tributed."

Bnt, said Lord Griffiths, "this end must be pursued through diplomacy and an international solution must be found to an international prob-lem. It cannot he solved through English domestic

Lord Templeman said that the creditors' arguments were unsustainable and, if accepted, would involve a breach of the British constitution and an invasion by the judiciary of the functions of government and parliament. He said the Lords had been

urged "to discern or invent and apply" some rule of English or international law which would make the member states liable to discharge the ITC's debts because, so it is said, the

By Chris Sherwell in Sydney

THE US's grain subsidy

policies have cost US taxpayers billions of dollars, depressed world prices, failed to reduce

European exports and hurt countries like Anstralia, according to a critical study published in Canberra.

The study, by the Australian Government's Bureau of Agri-cultural and Resource Econom-

ics, follows similar detailed analyses of European and Japanese rural subsidies. And its findings echo those recently published by the US's

own Department of Agricul-

The publication coincides

with US revelations of its

detailed proposals for the Uru-guay Round of Gatt talks on

international agricultural

reform - proposals which entail the abolition of its own

controversial Export Enhancement Program (EEP).

criminatory export subsidy

According to the Australian

ture.



Lord Templeman: "no evidence or authority"

member states have behaved

However, the case could not be decided by criticising the states for establishing the FTC, by blaming them for its failure or condemning their management of it, or by attributing to the operations of the metal exchanges the fall in tin prices which bankrupted the ITC, inflicted a loss of up to £500m on the states and caused pov-erty and unemployment to the producing states.

"The courts possess neither the evidence nor the authority to pronounce judgment on these matters. International diplomacy and national policy will decide whether the debts of the ITC, an international organisation established by treaty, shall be discharged by the member states and, if so, in what manner tha burden should be shared. English judges cannot meddle with unincorporated treaties," Lord Templeman said.

The rulings were made on

designed to dispose of US pub-lic grain stocks — has depressed prices received for

exports by both the US and

competing countries, and has failed in its key aim to reduce EC exports significantly.

It says the policies were not only misdirected and ineffec-

tive, "they are also costly and cumbersome." In 1986 and 1987 they cost US taxpayers about US\$16bn. And there were costs

One result, it argues, has been competitive subsidisation,

producing increased protection

Canadians have matched the

US support measures," tha hureau says, "reductions in grain production and

exports have been forced on

largely non-subsidising export-

ers such as Australia and

the EEP - price discrimina-

tion - is estimated to have

It adds: "Just one element of

"As the Europeans and

on top of that.

Argentina.

Attack on US grain subsidies

### Oil prices down amid reports on **Opec output** By Steven Butler

OIL PRICES fell yesterday amid reports of rising crude production from the Organisation of Petroleum Exporting

North Sea Brent Oil for December delivery finished the day off 45 cents at \$18.57½ cents a barrel in European

Oil prices have now fallen by about a dollar a barrel in the past ten days amid percep-tions that the market is well supplied with oil coming into

the winter season.

Kleinwort Benson, the London broker, yesterday issued a report putting Opec output as high as 23m barrels a day in October. This compares with Opec's production calling of Opec's production ceiling of 20.5m h/d agreed at the end of

September.
The report also said that Saudi Arabian production had crept up to 5.5m b/d, which would put it significantly over the Saudi production quota of 5m b/d. Production also rose

5m b/d. Production also rose in Kuwait, to 2m b/d, and in Iran, to 2.8m h/d. Soms analysts have suggested that certain Opec members would wish to see a slightly weaker oil price coming into the November 25 ministerial meeting in order to put pressure on other members on an analysis of the compromises on an analysis. make compromises on an agreement to take oil off the market and lift prices again.

That last ruling took the edge off the creditors' delight at the judge's decision on sovereign immunity, which The Kleinwort report, however, stressed that none of the Opec members wished to see a merely put the foreign states in the same position as the UK and therefore gave them also the 1828 Act defence. repeat of the production free-for-alls seen in 1986 and 1988.

#### Council reduces wheat estimate

THE London-based International Wheat Council has reduced its estimates for both wheat and coarse grain production in 1989-90. But both remain well above the levels produced in 1988-89.

In its latest Market Report, published yesterday, the coun-cil put 1989-90 wheat output at 530m tonnes, down from the 532m tones it forecast in the September issue, and cut the coarse grains figure by a similar amount to 812m tonnes. In 1988-89, wheat production totalled 503m tonnes and coarse grain output was 729m

The lower wheat figure is attributed chiefly to a further deterioration in the Australian outlook because of prolonge dry weather. The council reduced its estimate of US production by 600,000 tonnes but raised the Canadian figure by a similar amount.

The lower coarse gains fig-ure is blamed mainly on dry weather in Argentina.

**US MARKETS** 

IN THE METALS, early action was sluggish as the GNP figure failed to

## Congo taps its potential in expanding oil industry

Howard Schissel on new finds and rising output

HE ONLY good news these days for the troubled Congolese economy is emanating from the rapidly CAMEROON expanding oil industry.

Production is scheduled to GABON (CONGO) increase by more than 10 per cent in 1989, reaching the record level of some 156,000 barrels a day. Moreover, the economic outlook for the 1990s Brazzaville has improved significantly fol-lowing a big oil discovery by the Chicago-based Amoco Corporation. On its offshore Marine 1

block, the American group has struck what could turn out to be one of the largest finds in Congo's history. Amoon is the operator on this permit in asso-ciation with the state-controlled Hydro-Congo and the Knwait Foreign Petroleum Exploration Company.

A 22-well development programme is currently under

way on Marine I, with production set to come on stream by mid-1991. By early 1992, output from this permit will be at least 40,000 b/d, Amoco officials

Thus by 1992 Congo's output should climb above the 200,000 b/d mark for the first time, overtaking Cameroon to take fourth place in the African oil production league, behind Nigeria, Angola and Gabon.

Oil represents about 80 per cent of Commis about 80 per cent of Commis apparatus.

cent of Congo's export earnings, accounting for revenues of \$540m in 1988. Industry officials estimate Congolese oil income in 1989 at about \$630m. The important onshore Rabi-Konnga discovery in neighbouring Gabon also bodes well for the future of Congo's oil industry, as does extensive finds in Angola's Cabinda enclave, particularly the big Malongo field.



In spite of Amoco's offshore discovery, interest is now prin-cipally focused on high-potential onshore areas along the coastal plain. Rardly any sys-tematic exploration activities

have previously been under-taken in this zone.

Last year, the onshore Kayes block at the centre of the proliffic Congo Coastal Basin, extending from southern Gabon into Angola, was split into three permits, with Chev-ron and Conoco of the US and British Petroleum chosen as operators. Hydro-Congo has a 50 per cent share in each perit. "The granting of this acreage

to newcomers underlined the termination of the Congolese anthorities to diversify their partners in the strategic off-industry," said a Western dip-

As in other former French colonies, such as Cameroon and Gabon, France's state-con-

Yanga, Emeraude and Tchi-bouela. The new onshore licence holders are currently carrying out preliminary airborne and seismic surveys of the coastal area around the oil centre of Pointe-Noire; BP, for example, does not expect drilling operations to begin before

Olimen are sanguine about discovering significant new oil reserves in this promising area, thereby compensating for the expected decline in older offshore fields in the mid-1800s. effshore fields in the min-1880s.

Elf Cango is to bring into production at the end of 1990 or early in 1991 the small Tchendo field in the Pointe-Noire Grandes Fonds permit, adding another 10,000 h/d to Congo's production.

The French group experimented on the large kaneraude field. containing some 450m

mented on the large Emerande field, containing some 450m barrels of heavy viscous oil, with costly steam injection recovery techniques; but company officials said, that they are not judged economically viable at current prices.

Elf was named operator during the stummer on offishere Marine III block; the company spreed to drill three wildcats

agreed to drill three wildcats on the permit over the next four years.

Italy's Agip, for its part, began development last year of the offshore Zatchi field, with

production scheduled to reach 10,000 b/d in 1990. A second phase could eventually boost output to the 25,000 b/d level. Agip Recherches Congo, also producing crude from the off-shore Loango field, acquired trolled Elf Aquitane is the primary force in the oil sector; it produced last year 83.1 per cent of Congo's output from offshore fields, notably Sendji, since Loango new, acquired last year two new offshore permits, Marine VI and Marine VII, and is planning to drill a series of wells in each of the licence areas.

## Cocoa producers tackle prices

By Mark Huband in Abidian

LEADING COCOA producers are this week hoping to agree on a new formula to bolster The Cocoa Producers' Alli-

ance meeting in Lome, capital of the West African state of Togo, hopes to conclude a week-long conference today with measures which will go some way towards replacing the failed International Cocoa Agreement. The agreement groups cocoa consumers as well as producers in an accord which aims at stabilising the market through a buffer stock

The CPA, members of which account for about 80 per cent of world cocoa production, will consider the creation of a \$30m fund to be used for measures aimed at stabilising the cocoa price, which is currently at its

lowest for 14 years. However, it is thought unlikely that the details of a new scheme could be agreed before a decision is reached on the disposal of the International Cocoa Organisa-tion's existing 250,000-tonne buffer stock.
The effects of the interna-

tional agreement's failure to bolster prices (the buffer stock is at its maximum and memon a supplementary scheme for withholding supplies from the market) are still being felt in both the markets and political

In the Ivory Coast, the world's biggest cocoa producer, the failure lay behind the sacking last week of Mr Denis Bra Kanon, the Agriculture Minis-ter, in a wide-ranging cabinet reshuffle.

In 1986, Mr Bra Kamon was responsible for the Ivory Coast joining the International Cocoa

Agreement.

Now cocoa policy in the country is being controlled by Mr Alain Ganze, a Minister of State delegated to the office of President Felix Homphouet-Boigny Mr Ganze was a vocification of the agreement. erous critic of the agreement even before Ivory Coast joined. A collective effort by produc ers is seen as the key to future price stabilisation. The \$30m required to finance

the scheme now being pro-posed will not be reimbursed to participating producer countries. Although the details have still to be worked out a system of compensation is expected to be introduced, financed out of the existing buffer stock.

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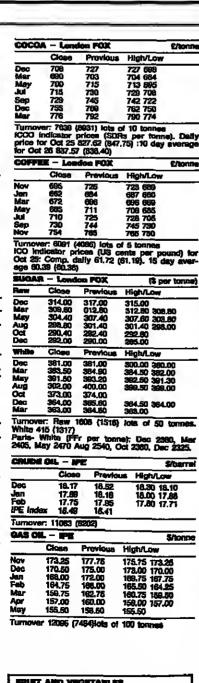
#### **LONDON MARKETS**

CONTINUED talk of Ivory Coast selling kept cocoa prices under pressure yesterday and nearby positions on the 14-year lows. The March position fell £13 to £690 e tonne, taking the decline on the week so far to £26. Coffee's recent tentative rally ran out of steam, meanwhile, with the January futures quotation ending £22 down at £662 a tonne. On the London Metal Exchange most base metals prices resumed their rally. Cash Grade A copper closed £20 lower at £1,6868 a tonne — tha lowest level since mid-August - after the Wednesday's £12 rise. On the nickel market which had not taken part in the previous day's rally, the cash position lell another \$85 to a 19-month low of

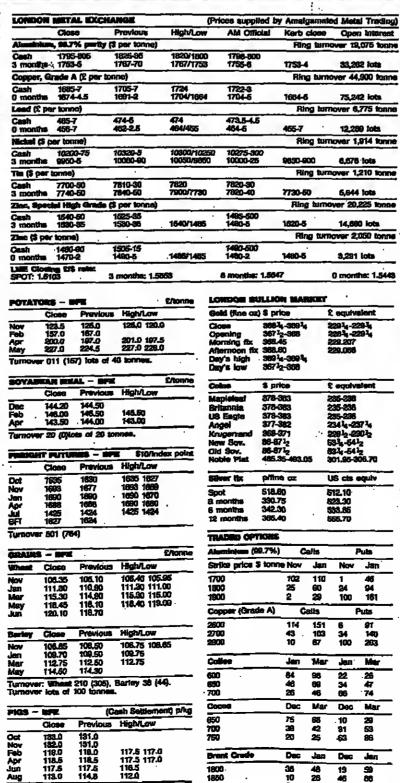
cherts were still point	ud dominis	M COS.
SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubei Brent Stend W.T.I. (1 pm est)	\$15.80-5.90w \$18.55-8.60q	-0.45
Oit products (NWE prompt delivery per to	\$19.45-9.48w	+ or-
Premium Gasoline Gus Oil	\$191-198 \$178-179	-1½ -4
Heavy Fuel Oil Naphtha Petroleum Arpus Estimates	\$99-100 \$154-156	-2
Other		+ or -
Gold (per troy cz)	\$369.00 512c	+0.25
Platinum (per troy ez) Palladium (per troy ez)	\$479.6 \$135.6	-1 -8.0 -0.9
Aluminium (free market) Copper (US Producer) Lead (US Producer)	\$1795 1195 <sub>8</sub> -231 <sub>2</sub> e 40.5c	-30 -44
Nickel (free market) Tin (Kusla Lumpur market) Tin (New York) Zinc (US Prime Western)		+0.18 -5.0
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	113.88p 163.56p 100.76p	+0.36* +9.26* -3.72*
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$368.5v	-1 -0.5
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£110.5q £124.50	-1.5 -0.25 -0.25
Rubber (spot)♥ Rubber (Dec)♥ Rubber (Jan)♥ Rubber (KL RSS No 1 Nov)	65.5p 56.50p 56.50p	-0.25 -0.25
Coconut of (Philippines)§ Palm Oil (Malaysian)§	\$482.5y \$320.0g	+1.0 +2.5 +7.5
Soyabeana (US) Cotton "A" index	\$310g £170g 82.00e 598p	+2 +0.15

cents/lb. r-ringgil/kg. y-Oct/Nov. x-Oct/De I-Jan/Mar. v-Nov/Dec. v-Dec. q-Nov. z-Jan. change from a week ago. TLondon physical market. §CIF Rotterdam, 

Sullion market close, m-Malaysian comb/kg.



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PRINT AND VECETABLES  New sesson Spania saturnas are excellen value at 30-40p a 10 as are English Cox's apples 25-45p (28-45p) and Bramleys 22-30; (20-30p), reports FFVIS, Bananas are 38-58p, lemons 10-20p and oranges 5-25p. English Comice pears are 30-50p a 1b (30-40p), pineapples 60p-22-00. Broccoll is 40-65p a 1b and cabbages at 15-30p. Carrols are 15-25p, Dutch carrots 10-22p (12-28p), cauliflowars 30-45p (35-50p), Mushrooms are 35-55p a 1 <sub>2</sub> lb. Onlores are 15-25p a ib, paranips are 25-40p (24-40p). Write potatios are 10-15p, Round lettuces are 20-35p each iceburg lettuces at 40-75p. Cucumbers are 40-60p (30-60p), tomstoss 35-60p a lb.	



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5443	lowe	r for the	day.		
_	Ne		ork		
	GOLD		oz.; Sitroy (		
		Close	Previous 389.1	High/Lov	
	Oct Nov	372.5 372.7	370.5	0	369.3 ·
	Dec	375.4 379.5	372.3 376.4	376.3	372.0 876.4
	Apr	383.7	380.5 384.7	383.7	381.0
	Jun Aug	388.0 382.1	384.7 366.7	388.2	385.2 0 .
	Oct	395.4	362.9	0	0
	Dec	400.9	397.3	401.3	401.0 .
	PLATI	MUJAN 60 to	roy oz; \$/tro		<u> </u>
		Close	Previous	High/Lov	<u></u>
١,	Oct.	485.0 490.0	490.9 486.4	485.0 490.6	485.0 484.1
	Apr '	494.0	490.5	494.5	489.5
	Jul	498.1 502.3	494,4	498.0 490.3	495.5
,			by az cent		
	24F.4E				
	<del></del>	Close 519,4	Previous 811.4	HIOP/LON	0
_	Oct Nov	519.8	§12.1	0	ŏ
_	Dec Jan	523.7 · 526.6	516.0 516.9	524.0	S15.1
<u>,                                     </u>	Mar	335.1	527.3	595.0	527.0
_	May Jul	542.6 550.2	534.7 542.1	\$42.0 \$49.0	687.0 542.5
	Sep	557.9	549.7	556.9	549.5
	Dec Jan	559.2 572.9	560.8 564.5	939.0 0	. <b>582.0</b>
<u> </u>			ibs; cents/		<u> </u>
,	COPP	Close	Previous	High/Lov	<del></del>
3	Oct	113,45	115.05	115.20	113.45
r .	Nov	113.70	115.30	115.20	_ 113.70 ·
_	Dec	114.20	115.55	116.70	112.60
_	Hina	CELE			
<u>-</u>	-		ia: Septemi	34r 12 100	= 1001
	1===	Oct 25		moth ag	
	1	1849.0	1845.8	1674.7	1695.6
_	1				

DOW JONES (Base: Dec. 31 1974 = 100)

#### Chicago CRUDE OIL (Light) 42,000 US galls \$/barrel Latest Previous High/Low 19.24 19.18 18.98 18.90 565/4 579/6 582/4 500/4 605/4 605/6 588/0 586/2 568/2 561/2 19.02 18.99 15.88 18.81 18.76 577/4 589/4 598/0 605/0 604/0 586/0 19.09 19.01 18.94 18.68 18.75 18.88 18.60 t lows HEATING OIL 42,000 US galla, cents/US galla The heat 5844 5967 5848 5307 5147 6047 5795 5630 5820 5260 5160 5025 5700 6740 5726 5726 5230 6070 5025 79,40 19,59 20,00 20,32 20,62 20,67 20,67 19.31 19.51 19.94 20.22 20.57 20.60 20.62 20.76 19.23 19.43 19.87 20.23 20.50 20.60 20.57 Dec Jan Mer Mey Jul Aug Sep Oct COCOA 10 tonnes:5/tonnes GOYABEAN MEAL 100 tons; \$/ton Previous High/Low 988 995 1010 1025 1071 1086 185.1 183.2 181.7 180.0 178.5 178.3 177.6 9.3 · · COFFEE "C" 67,500lbs; cents/lbs MAIZE 5,000 by min; cents/58lb bushel 242/2 246/4 249/4 251/6 242/6 239/6 246/4 78.68 75.58 77.27 79.95 81.40 84.36 67.10 78.46 75.00 77.00 79.25 01.25 84.20 245/4 247/6 251/0 253/4 244/4 241/0 0 242/4 245/0 249/0 251/2 243/0 230/6 78.75 76.00 78.00 60.15 82.80 WHEAT 5,000 by min; cents/80ib-bu SUGAR WORLD "11" [12,000 lbs; cents/lbs 396/4 400/2 378/2 348/4 353/0 365/0 405/4 404/2 381/4 350/2 355/4 367/0 404/4 404/2 362/0 350/6 356/0 387/4 398/0 400/6, 376/0 348/2 353/0 365/0 Closs Previous High/Low 13.98 14.00 13.78 13.56 13.18 12.75 14.20 14.08 13.80 13.50 13.20 12.87 13.80 14.08 13.80 13.59 13.20 12.75 LIVE CATTLE 40,000 lbs; cents/lbs Clos High/Lon 74.66 74.10 74.22 71.87 69.90 75.20 74.67 74.65 71.92 70.07 Dec Feb Apr Jun Aug 75.25 74.72 74.67 71.87 COTTON 50,000; cents/lbs 74.10 71.65 69.90 73.97 75.42 76.20 76.20 69.90 67.00 LIVE HOOR 30,000 b; cents/lbs Pre 46,97 46,05 43,17 47,87 47,92 46,70 42,67 44,40 47.76 48.90 45.90 42.85 47.25 47.65 46.46 42.63 44.35 46.75 48.66 47.75 47.95 46.70 42.67 44.40 ORANGE JUICE 15,000 lbs; cents/lbs Previous High/Low 132,75 126,00 126,00 126,30 127,25 126,00 0 PORK BELLIES 40,000 lbs; cents/lb 124.70 124.85 125.10 125.69 125.70 125.70 Previous 1695.6 53.35 53.10 52.10 52.00 62.25 62.10

#### LONDON STOCK EXCHANGE

## Uncertain prospect for equity market

THE resignation of Mr Nigel Lawson, the UK Chancellor of the Exchequer, and then of Sir Alan Walters, the economic advisor to the British Prime advisor to the British Prime Minister, came nearly one hour after the close of a depressing trading session in London equities. The unexpected development was regarded as highly negative for the stock market and for sterling. Equity strategists fear a heavy fall in shares when the market course to the

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gists fear a heavy fall in shares when the market opens today. The fall in the sterling/DM rate immediately following the news was perceived as a warning signal which could presage selling of UK equities by foreign investors who are already deeply uncertain of the outlook

	nt Dealing	Deltes
Oct 16	Cast 50	Nov 13
Oct 26	Hone: Nov 9	' Nov 25
Lest Dealings: Oct 27	" Nov 10"	Nov 24
Assessed Days Nov 6	Nov 20	Dec 4
There the des	dags may lake	pines from

for the UK economy and for sterling. The departure of Mr Lawson deepens confusion in the City over official policies on sterling and domestic inter-est rates, as well as introduc-ing concern over the Conservative Party's electoral prospects. The news came as a shock to the few market traders who

market needs immediate action to restore confidence," com-mented Mr Howard Coates at BZW, the large UK investment banking home.

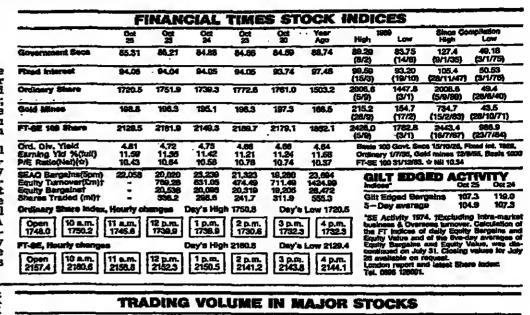
banking house.
Earlier, the equity sector, depressed by a range of bearish economic comment and by unexpectedly poor trading figures from ICI, had been finally cut down in the final hour of the inner the manufactures. business by another opening side on Wall Street. The late setback sent the FT-SE Index to all as the time passed withbelow the lowest closing quotaton of last week's mini-Crash to finish the session 32 points.

shade easier as worries over recessionary pressures on the UK sconomy continued to unsettle investors. UBS Phillips & Drew, one of the major London-based securities houses, had warned overnight that sterling's vulnerability made a further rise in base rates to 16 per cent a possibility.

were still in their offices and off at a closing level not seen was seen as a serious blow to the aircady fragile nerves on the UK stock market. "The market had opened a the UK stock market. "The shade easier as worries over to that inflicted by the results; to that inflicted by the results; pre-tax profits of £306m for the third quarter, against £347m

third quarter, against £347m last time, were nearly £40m below market estimates.

Shares in ICI promptly fell heavily, sithough market makers warded off the sellers by swiftly cutting their quotations. The rest of the market quickly followed suit and the Footsie extended its early fall to show a loss of 27 points. A raily then set in as ICI steadied, but was then wiped out by Wall Street's opening fall. The FT-SE Index closed 325 points down at 2,129.4.



## Morgan bid talk returns

The takeover speculation that has surrounded Morgan Gren-fell, the merchant bank, virtually since the bank went public in 1886, erupted again yester-day after news that Willis Feber, the insurance broking group, had conditionally agreed to sell its 20.4 per cent stake in MG to Banque Indo-suez. Banque Indosuez is the

banking arm of Compagnie Financière de Suez of France. The news, coming hard on the beels of the intense specu-lation of recent weeks - which provoked denials from MG that it was involved in bid talks with a third party or contemwith a third party or contemplating a management buy out.

— saw MG shares race up to 435p at one point as the market immediately took the view that a full bid would follow quickly. But the Banque Indosnez statement said that it would not launch a full bid for MG within a year unless a third party makes a bid for MG or accounts a stake of more than acquires a stake of more than 15 per cent. A bout of profit-taking then lowered the MG share price to a closing level of

400p, a net gain of 38.

Specialists said that Banque Indosuez would most likely want, full control of MG but that the agreement of the MG board and senior executives. would be crucial. MG revealed that it had held talks with Banque Indosuez earlier this year but that these talks terminated

in May,

A possible starting point for any bid activity would be in the region of 500p, the price at which MG shares were originally sold on the Lindon market, dealers said. "At the very less if Banque Indonez was least, if Banque Indosuez was to launch a full offer it would have to be above 482p. It has agreed to pay 4100 a share for a 10.6 per cent stake in MG from Willis Paper and has the right to buy the remainder of Willis' stake, 9.8 per cent, for 462p. Willis shares closed unchanged at 254p, after 259p.

#### ICI profits gloom

It was hard to find a dealer. or analyst with a good word to say about ICI after the com-pany posted its near 12 per cent fall in third quarter prof-

its.
"Those figures are going to get worse," said Mr. Alasdair Nisbet at UBS Phillips & Drew. Mr Martin Evans, analyst at BZW said that the ICI figures "emphasise the uncertainty" over what will happen next

year. Several analysis pointed out that while bulk chemicals had

to turn down in the near future "then things will be really bad." One analyst said: "We are reduced to looking at ICI as a yield stock, but it is currently too expensive for that."

Analysts reduced their profits forecasts for the company. Mr Evans cut his figure from £1600m to £1550m for both the current year and next year, continuing to imply no profit growth between the two. Mr

Nishet was even more passi-mistic, reducing this year's forecast from 21600m to £1530m, and next year's from £1450m to £1400m. Both anslysts recommended selling the News of the amouncement

triggered a bout of heavy selling in London, which was ech-oed in New York after Wall Street's opening. Volume in London swelled quickly from less than 500,000 shares before the announcement to 3.4m by the market's close. Traders said volume in the ADR in New York was also heavy. ICI share closed at the lowest point of the day, down 73p at

10979.
The Morgan Grenfell news stirred up the rest of the merchant banks, but dealers and analysts were quick to point out that most are protected by large family shareholdings and various crossholdings.

Hambros moved up to 224p but later came off the top to close a net 5 higher at 218p. Among hig holders in Hambros are Guardian Royal, 8.8 per cent. Relifica 10 ner cent. cent, Baltica, 10 per cent, Banco San Paolo di Torino, 12.2 per cent and Banco di Bilbao, 6 per cent. At Kleinwort Benson, trustees hold 184 per cent, the Kleinwort family has 6.1 per cent and AIG, the US insurance group, has 6.5 per cent; Kleinwort shares were 3 up at

337h.
The clearing banks came make pressure with the rest of the market but dealers said downgradings of Lloyds, Barciays and NatWest by one securities house had little impact on sentiment. Lloyds

AMERICANIS (S) AMORIAN, C. AMORIANIS (S) Grançon, CR. Pec. Fise., Musocche, WILLDEGS (S) Begowinge Brick, Heywood Williams PL, Leling (John), McCarthy & Stone, Meyer Inc., CHEMICALS (S) Press, STONES (2) Honeywants, Moss Press, RESCHWIGALS

takeover rumour and stake-building speculation. But Ref-uge, where Athena, the French insurance group, has been husy increasing its holding to a last-revealed 9,34 per cent, edged up 5 more to 654p; there is still a persistent buyer there," said one dealer. Liketakeover rumour and stakewise, Britannic, with its 10 per cent stake in Refuge, edged up

Composites were easier but quiet although there was per-sistent support for Commercial

Union which settled margin-ally higher at 447%p.

The bankruptcy filing of a
US sirline did little to boost confidence in British Airways.
BA has fallen sharply in recent days and yesterday fell another 4 to 190p in steady turnover of 1.4m shares.

Profit-taking knocked Polly Peck after several strong days . and the shares closed 12 down

US buying helped support Reuters against the trend and the price firmed 5 to 800p, having touched \$13p at best Mar-ketmakers once again men-tioned the start of dealing in traded options next week as a

positive factor.
British Steel was another
FTSE-100 share to resist the
wider market's malaise, It moved in a parrow range before closing unchanged at 1250. Turnover, at 3.5m shares, was nothing special for the stock, but the fact that trading remains liquid even on dull days added to its sitractions.

The implications of the KI results spilled over into the olls where petrochemicals con-tribute substantially to profits

of the two majors, BP and

Shell, both of which are sched-uled to announce third quarter figures next month.

BP and Shell, holding up well before the ICI figures came out, were both marked down by some 5p before steedying at the close.

Nevertheless BP were still some 6 lower at 289p after turnover of 6.9m while Shell closed 4 down at 417p on 8.7m; County NatWest came ont with a "switch Royal Dutch into Shell" note. figures next month.

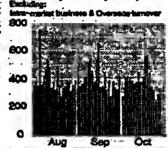
of 1.4m, NatWest 5 to 291p and
Barclays 6 to 459p. More
switching out of Royal Bank of
Scotland into Bank of Scotland
left Royals 2 easier at 163p.
The insurance sectors were
mixed. Lifes attracted plenty of
profit-taking after the buying
of the past few weeks based on

The insurance sectors were
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FT-A All-Share Index 1200

**Equity Shares Traded** Tumover by volume (million)



510p on turnover of 1.3m. Enterprise were among only a a handful of stocks up on the day, the shares closing 3 firmer at 591p albeit in thin trading. The company's high risk/high reward Vietnamese drilling programme underway next week and should keep interest in the stock bubbling along. And a series of presentations to institutions starts today at one of the top UK securit houses in London and will be followed up next week in Scotland. Barmah ran into a bout of profit-taking which saw the shares drop 11 to 663p, while Calor eased 7 to 427o.

into Tesco.

into Tesco.

But helping to keep Tesco down was a long report by analysts at Citicorp Scrimgeour Vickers which recommended switching out of Tesco and into Sainsbury. Mr John Woolman of Citicorp said "the long run-ning story of Tesco catching up with Sainsbury is over." At the beginning of the month

there had been evidence of switching out of Sainsbury and into Tesco with some analysis saying Tesco was set to become the market leader in the next decade.

the next decade.

However, this week some investors began to believe Sainsbury was lagging behind and decided to move their funds in the opposite direction. The approach of Sainsbury's results was cited as a reason for this change of tack. Tesco closed down 4 at 187p. Sainsbury ended down 6 at 257p, and Arzyll dropped 6 to 219p. Argyll dropped 6 to 219p, and Argyll dropped 6 to 219p.

Body Shop put in a good per-formance, rising to 390p at one point before closing 11 better on the day at 376p. Dealers blamed acrappy demand in a

Marks & Spencer showed

## sarly weakness as analysis at Morgan Stanley changed their recommendation on the stock from hold to weak hold. Marketmakers expressed the view that this was as negative as

that this was as negative as one could be on such a quality stock. They marked M&S down 3 at the wider market's best point and the stock closed at its low point of the day, 6 off at this low point of the day, 6 off at 100 this low point of the da

Burton stayed in the wings and the shares fell 9 to 185p. Good figures from mail order house N Brown pushed the shares 6 better to 144p.

The conditional go-shead from the Monopolies and Merg-ers Commission for a bid for Tootal from Coats Viyella left the former 7 better at 120p and the latter down 5 at 142p.

Further consideration of Wednesday's bid speculation helped James Dickie climb another 10 before subsiding with the rest of the market to close unchanged on the day at 180p. ICI's disappointing figures hurt Williams Holdings because, said marketmakers, both companies have paint divisions. Williams fell 10 to

Slebe continued to suffer from Wednesday's downgrading by UBS Phillips & Drew. It closed 11 lower at 457p, while British Aerospace gave up all the previous day's gains to finish 15 down on the day at 557p. Calor eased 7 to 4270.

Tesco were boosted by talk the previous day's gains to finthat Hoars Govett had recomish 15 down on the day at 5570.

Bac had been sought in the

the stock resist the market'e weakness. The chares closed just a penny off at 30sp. Vague talk of a broker's downgrading hurt P&O, down 19 at 567p.

shares. GKN were depressed on press comment that the com-pany might become involved in Meggit's bid for United Scientific Holdings. Dealers were sceptical, but GKN slipped 18 to 371p anyway. Meggitt fell a penny to 91p added USH added a penny at 141p. Further thoughts on Vick-ers' agreed bid for Ross Cath-erall left the former another 8

hope of Airbus orders from

Aeroflot, the Soviet carrier. Yesterday profit takers pro-duced the only business and

turnover was a slim 245,000

weaker at 208p. Ross ended unchanged at 243p, compared with the 253p offer. The \$6.8m acquisition of Burnuh Laboratories in the US by Ocean Transport and Trading helped

One securities house men-tioned was BZW, but it denied it had cut forecasts.

There was a long list of minus signs in the electronics but turnover was again mostly thin. GEC, long regarded as among the sector's best defen-sive stocks, were only margin-ally easier at 221p, on good turnover of 5.3m. STC, heavily sold recently, rallied 2 to 276p while Ferranti managed a slight gain at 56p on 2.6m after

keen business Lucas eased in thin volume after a positive start. It opened up 2 at 617p, but slipped to 610p by the close. Analysts at

Nomura, however, pointed out in a report that Lucas was the most profitable quoted auto component company in Europe and recommended it as a buy to investors. It said that while recent results had not been spectacular "they are enough to put a floor under a share price recently volatile on mar-ket stories."

Cools Pots than

Hays, the conglomerate, began trading yesterday. It opened at 98p, below the 105p issue price. Institutions were modest buyers of stock at 101p and 102p and the stock eventu-ally closed at 101p.

 Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 32

## APPOINTMENTS

NEW HIGHS AND LOWS FOR 1989 ....

#### New chairman at Halifax Building **Society**



m Mr Richard Hornby, chairman of HALIFAX chairman of HALIFAX
BUILDING SOCIETY, retires
on July 31, 1930. His successor
will be Mr Jon Foulds (above)
who has been a director since
1986. Mr Foulds joined 31 in
1959 (then ICFC) and was chief
executive from 1976-88. He is now deputy chairman of 31, chairman of Brammer, and a non-executive director of Eurotunnel, Mercury Asset Management Group, Portals Holdings, and of several investment trusts.



Sir Peter Walters (left), who steps down next March after eight years as chairman of British Petroleum, is to join the board of BLUE CIRCLE INDUSTRIES on December 1 and will succeed Sir Join Milne (right) as non-executive chairman following the annual meeting on June 1. Mr Jim McColgan, who was appointed joint managing director last June, will assume full executive responsibility as group managing director on October 31 when Mr David Poole retires because of ill health.

Mr Desmond Pitcher, group chief executive and director of Littlewoods Organisation since 1983, has been appointed a director of NATIONAL WEST-MINSTER BANK's northern advisory board. He is chairman of the Mersey Barrage Com-

M At HAMBROS BANK Mr C.R.B. Cox, Mr M.T.N. Mans-field, Mr A.C. Peake and Mr M.J.B. Watson have been made



CHARTERHOUSE DEVEL-OPMENT CAPITAL has appointed the following direc-tors: Mr Geoff Arbuthanti, Mr Tony May and Mr Tom Plant,

Mr Derek Bell, former chairman of De Vere Hotels, part of Greenell Whitley, has joined OLLERTON DEVELOPMENTS as a director.

THE BRITISH ACADEMY OF FILM AND TELEVISION ARTS has appointed Mr Harry Manley as its director of finance. He was group manag-ing director of Colour Film Ser-

At NEM INSURANCE Mr Colin Jones has become deputy managing director of NEM (WEST INDIES). On July 1 1990 he will take over as managing director. Mr Jones is a director of NEM Re (USA) and NEM

m Mr Tony Dodd has been appointed managing director of XEROX ENGINEERING SYSTEMS. He was previously managing director of Versatec Electronics, which has been merged with the engineering product sales arm of Rank Xerox in the UK to form the new company.

m Mr Tem McCafferty, joint founder and chief executive of Fraser Williams, has become president of the COMPUTER. SERVICES ASSOCIATION.

JOHN LELLIOTT (CON-TRACTS) has made the following changes. Mr Street McCennachie, formerly construction director, joins group chief executive Mr Robert Marshall as joint managing director. Mr David Laidlaw has taken on the new role of commercial

Three other board appointments have been made: Mr
David Brewin, Mr Isn Lamaden, who is made responsible
for a new regional office at Staples Corner, London, and My
David Murray, responsible for
special projects.

Mr Richard Westcott has joined MERRILL LYNCH INTERNATIONAL as a managing director, investment banking division. He was a director of Warburg Securities.

WELLAND HOMES WEST has appointed Mr Guy Fordham as managing director. He was manager, East Midlands region, George Wimpey.





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PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION

present

## Pound falls after Lawson quits

STERLING FELL 2% cents to \$1.5850 in New York in immediate reaction to the resignation of Mr Nigel Lawson, the UK Chancellor. The news came after the pound had closed 30 points higher in London at \$1.6125.

Sterling had traded quietly on the sidelines for most of the day, gaining some support from the dollar's decline. The news about Lawson came as a complete surprise to the mar-ket, prompting intervention by the Federal Reserve to support the pound as US dealers scram-bled to sell the British cur-

rency.

Earlier in the day comments made in Parliament by Mrs Margaret Thatcher, the Prime Minister, appeared to give whole-hearted support to her Chancellor, in the conflict between himself and Sir Alan Walters, the Prime Minister's personal adviser on economic policy. She also seemed to endorse Mr Lawson's view by restating the Government's policy of keeping interest rates as high as necessary for as long as necessary to get infla-

tion down.

The pound also fell 4½ pfennigs to DM2.9200 in New York, after closing at DM2.9650 in London, compared with DM2.9625 on Wednesday. At the London close sterling had

Oct. 26	Lat	est		Previous Close
Spot	2 39.	1.6100 0.83pm 2.36pm 8.28pm	0	136-1,6145 86-0 85pm 56-2,54pm 70-8,60pm
STE	ers and di ERLIA			
	_	l oaz	26	Previous
8.30 am 9.00 am 0.00 am 1.00 am 1.00 pm 2.00 pm 3.00 pm 4.00 pm		90.0 90.0 90.0 90.0 90.0 90.0 90.0		89.9 89.9 90.0 90.0 89.9 90.0 90.0
CUR	REN	CY R	LA1	res
Ga. 26	Elank rate %	Special Orawin Rights	7	Carrency Unit
riing #	101: 600 7.00 1014	1.2559 1.2819 1.5061 16.592 49.502 9.1774 2.3577 2.6626 8.0096	56358612	1.44186 1.11502 1.30970 14.4752 43.1401 8.00529 2.05610 2.32158 6.98059 1507.23

CURRENCY	MOVE	MENT
0rz.26	Bank of England Index	Morgania Guaranty Changes %
Sterling	90.1 69.5	-21.0 -8.7

0ct_26	England Index	Guaranty Changes %
Sterling U.S Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Kroue Deutsche Alark Swiss Franc Guilder French Franc Ven	90.1 69.5 104.5 107.8 107.1 104.9 114.9 111.7 100.8 99.1 136.9	-21.0 -2.7 +1.3 +10.6 -5.3 -0.0 +22.3 +16.1 +16.4 -19.2 +67.4
Manual Carrents		1000

OTHE	R CURRE	NCIES
Oct.26	Ř.	\$
Argentina Australia Brazil Finianti Grecce Hong Kong Iran KorenSki) KorenSki) Luternbourg Makoysia Mexico N. Zesland Sandl Ar Singapore S. At (Om) S. At (Pr) Taiwan U.A.E.	1945.45 - 1953.85 2.6640 - 2.0665 7.8280 - 7.8690 6.8030 - 6.8155 262.70 - 267.70 12.5990 - 12.5680 115.00° 1073.95 - 1091.30 62.20 - 62.30 4.3260 - 4.330 2.20 - 4.330 3.1995 - 3.1545 6.4050 - 4.255 6.455 - 6.256 6.455 - 6.2575 4.150 - 41,50	650.00 - £55.00 1.2825 - 1.2835 4.8570 - 4.8710 4.2310 - 4.2320 162.£5 : 166.30 7.8070 - 7.8090 71.80° 668.80 - £74.00 38.55 - 381.65 2.6520 - 2.6540 1.6860 - 1.6890 1.6860 - 1.6890 1.6860 - 1.6890 1.5900 - 3.7510 1.5900 - 3.7510 2.6430 - 2.6460 2.680 - 2.6460 2.680 - 2.6460 2.680 - 2.6460 2.680 - 2.6730

climbed to Y228.50 from Y228.00, but was unchanged at SFr2.5925 and at FF110.0625. According to the Bank of England the pound's index closed unchanged at 90.1.

The dollar finished in London towards the bottom of a fairly narrow range, as the currency market cast another nervous eye on Wall Street. A weakening of share prices pushed the dollar below DM1.84 at the close, after it had hovered around this support level for most of the day.

Market sentiment was poised between the nervous equity market, pointing towards a possible lowering of interest rates, and Wednesday's comments by Mr Alan Greenspan, chairman of the US Federal Reserve, when he told Congress that US inflation is too high.

Economic news did not provide any firm guidance yesterday. Third-quarter growth in

vide any firm guidance yester-

EMS E	UROPE	AN CURI		JNIT RAT	E2
	Eco central rates	Currency amounts against Ecu Oct.26	% change from central rate	% charge adjusted for divergence	Divergence
elgiao Frant anish Kront arish Kront arish D-Mark rench Frant iotch Gelider ish Pout asilan Lina panish Peseta	42,4582 7,65212 2,05653 6,90403 2,31943 0,768411 1483,58 133,804	43.1401 8.00529 2.05610 6.98059 2.32158 0.772817 1507.23 131.104	+1.61 +1.95 -0.12 +1.11 +0.69 +0.57 +1.59 -2.02	148 148 148 148 148 148 148	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

-26	Day's spread	Close	One month	% P.2	Three months	2.2.
	1.6025-1.6130	1.6120 - 1.6130	0.67-0.85cpm	6.40 2.79	2.92-2.49pm	6.21
<b>4</b>	1.8850 - 1.8955	1.8910 - 1.8920	0.48-0.40cpm	2.79	1.35-1.24pm	2.74
lands.	3344 - 3354	3344 3364	2-13 cm	6.95 5.40	5-43cm	5.90
<b></b>	62.05 - 62.50	62.20 - 62.30	30-26cpm	5.40	84-77pm	5.17
₩X	11.524 - 11.584	11.574 - 11.584	317-27 creses	3.30 4.31 7.08 1.46	10's 9's pro	3.50
4	1.1095 - 1.1170	11140 - 11150	0.45-0.35ppm	4.51	1.00-0.90pm	3.41
Titaling .	2954 - 2964	2964-2964	14-15pm	7.08	5-4 7-00	6.66
نور	252.80 - 255.20	254.20 - 255.20	40-22cm	146	1-4963	-111
	188.70 - 189.75	189.00 - 189.30	9-1cpm	0.52 1.66 1.85 4.99 1.20 8.86 4.71	23-800	347
	21695-21754	21724 - 21734	4-2thross	1.60	12-10	2.00
7	11.051 - 11.11	11.10 11.11	33-34 oremn	3.85	207-97-00	3.4
	10.054 - 10.09	10.05% - 10.06%	44-44cpm	4.99	12-11-per	4.2
d		10.31 - 10.32	24-25 green	3.20	81-75 pm	3.0
	227 9 - 229	228-229	13,-15,900	8.86	44-45pm	3.0 8.3 6.2
2	20.81 - 20.94		124-11 Lgroun	671	33° -31 20m	9.2
riand .		2584 - 2594	14-14com	/251	43-43-00	6.9
****	14400-14430	L4420 - L4430	0.54-0.51com	437	1.56-1.51pm	4,24

DOLL	AR SPOT	FORWAR	ID AGAIN	IST .	LHE DOL	LAR
Oct.26	Day's spread	Clase	One month	% B.J.	Industries :	% p.1.
ď	16025-16130	1.6120 - 1.6130	0.87-0.85cpm	6.40	2.52-2.49pm	6.2
land!	1.4395 - 1.4460	1.4430 - 1.4440	0.30-0.25cpm	2,29	1.10 1.00mm	2.9
mad4	1.1736-1.1760	1,1750 - 1,1760	0.34-0.37cfls	-3.63	102-10668	-35
the Lands	2.0750 - 2.0865	20750 - 20760	0.30-0.07cpm	0.49	0.17-0.13pm	0.29
<b>Jylani</b>	38.55 - 38.80	38.55-38.65	2.50-4.00cds	-1.01	9.00-12.00ds	-1.0
STREET	7.16 - 7.194	7.18-7.184	1.70-2.00mmls	+3.09	4.75-5.20ds	-27
Germany	1.8375 - 1.8485	18375-18385	0.12-0.10p/pm	0.72	0.23-0.20pm	0.47
rtagal	157.50 - 157.85	157,55 - 157,65	15-66c(Rs	-3.12	250-280/%	-6.T
سيبيب واج	117. <b>30 -</b> 117.80	117.55 - 117.65	58-66cds	-6.44	175-185ds	-6.13
Ŋ	13474 - 13534	13474 - 13474	4.70-5.20/beds	-4.40	23.70-14.70ds	-4.21
CWEY	6.87 12 - 6.894	6.883 - 6.89	1_30-1,65preds	-257	4.60-5.00ds	-2,79
IFUT	6234 - 6274	6236 - 6244	0.75-0.80cds	-L49	2,35-2,4545	-1.5
eden	6.3842 - 6.404	6.394 - 6.40	1.64-1.79me#s	•3.22	4,90-5.30%	-3.19
DAD	141.35-142.15	141.60-141.70	0.30-0.28mm	2.45	0.78-0.7500	2.10
Stril	N/A	12.954 - 12.954	0.50-0.10emen	0.28	0.90-0.60mm	0.23
itzerland	1.6075 - 1.6180	16075-16085	0.17-0.14com	1.15	0.35-0.30cm	0.8
IJ	1.1150 - 1.1170	1.1160 - 1.1170	0.20-0.18mm	2.04	0.57-0.54cm	1.99

Oct 26	Short. term	7 Days setice	Manch Manch	Three Months	Six	Year
tering S Dollar an, Dollar an, Dollar Collider Franc Franc Franc Franc Franc Franc Franc Franc Franc Fr. Franc Fr. (Curd En Krone Sian SSTop	151-141 84-84 121-114 01-6 7-6-71 102-102 12-112 94-94 61-6 121-112 81-85	15 - 1413 84-85 12 - 113 12 - 113 13 - 713 14 - 713 14 - 713 15 -	54-54 81-86 12-14 84-719 71-78 10-10-1 10-10-1 94-74 94-74 94-74 11-11-1 84-84	154-154 84-84 124-114 84-714 74-714 74-714 74-94 94-94 94-94 94-94 114-114 84-84	11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	143 148 113-11-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 113-1 1 1 1

EXCHANGE CROSS RATES										
3ct.26	£	\$	DML	Yes	FR.	S.Pr.	H FI.	Lita	·Cs	B Fr.
£	0.620	1613	2.945 1.838	228.5 141.7	10.05 6.237	2.593 1.608	3.348 2.076	2173	1.892	级势
OM YEN	0.337	0.544 7.059	12.98	77.07 1000.	3.395 44.03	0.575	1.129 14.65	752.9 9510	0.638 8.280	20.99 272.4
F Fr. S Fr.	0.994	1,603 0,622	2947 1143	227.1 88.12	10. 3.880	2.578 1	1328	2160 838.0	1.881 0.730	61.88 24.01
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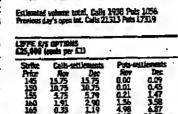
0.299 0.482 0.886 68.25 3.085 0.774 1 649.0 0.565 13.59 0.460 0.742 1.364 1.05.2 4.630 1.193 1.541 1.000 0.871 28.65

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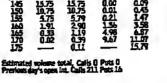
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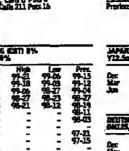
FINANCIAL FUTURES AND OPTIONS

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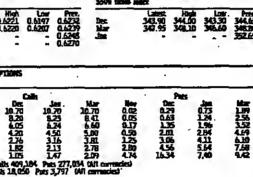
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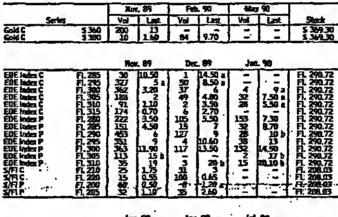


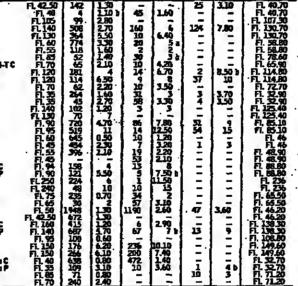
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		:	:	0.6270	•



# **EUROPEAN OPTIONS EXCHANGE**

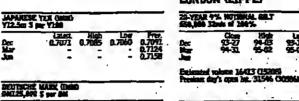




TOTAL VOLUME IN CONTRACTS: 46,033 k B = BM C = Call P ~ Pot

## 0.07 0.15 0.57 0.57 0.94 1.34 1.35 037 037 037 037 037 037 037 136 136 JIPPE SHORT STEELING OFTIME ESOS, MIT points of 186%





1160 Low Pres. 0.5441 0.5420 0.5459	7-10 YEAR 9% INCLUDED COLT SSE,000 Shak of 100%	•
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HIAR (SEA)	Jan Estimated valume Q 400 Presions day's open lot. O 400	
9215 9219 9212 9218 9213 9204 9195 9190 9198	DS TREASURY MORNS 8%. S109,000 52mk of 100%	

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5	6% NOT	SEAL CEN	MI CONT.	DOKE)	
-	Dec.	93.21 93.41	93.56 93.68	10m 93.16 93.16 93.40	9

President	ed volume 166 day's open is	1 37912	C3750CD	
672 MB	THE LANG	(ERS 44	AUESE O	OYT.
Dec	Diag.	104.50	10435 10435	204.

Jus	104.21	19443	10443
Estimate Presions	d volume 36 day's open is	4 996 195	<b>8</b> 0

	points of 1			
Dec	85.47	85.50	15.45	85.49
Na.	86.37	86.40	86.34	86.30
Sep Sep Sep Sep	87.05	87,05 87,49	87.02 87.65	87.04 87.48
Dec ·	87.80	87.80	87.78	87.BI
1	87.99	88.03	87.98 87.99	88.05
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#### **MONEY MARKETS**

## Credit stays tight

CREDIT CONDITIONS were kept tight on the London money market by the Bank of England yesterday. The day-to-day credit shortage was only £100m, but the authorities made no attempt to take this out with bill purchases. This kept overnight money hovering around 15 per cent, and even after late assistance of even after late assistance of £85m, overnight funds closed at 15%-14% per cent. Three-month interbank was steady at 15%-15% per cent throughout the day, compared with 15%-15 per cent at Wednesday's close.

## UK clearing bank base leading rate

Short sterling futures contin-ued to move in a very narrow range on Liffe in subdued trading. December delivery traded between 85.45 and 85.50, closing at 85.47 compared with 85.49 on Wednesday. The present price discounts a cash interest rate of about 14½ per cent at deliv-ery and since the market does not expect any cut in bank base rates before the end of the year, there appears to be room for a fall in the futures price during this period. The differential between three-month interbank and the effective cash rate is at its widest level

for over a year. On the money market bills maturing in official hands, repayment of late assistance and a take-up of Treasury hills drained £274m, with a rise in the note circulation absorbing £70m, and bank balances below target £80m. These factors out-weighed Exchequer transac-tions adding £320m to liquidity.

1507

In New York the US Federal Reserve took the expected action of draining reserves from the banking system via four-day matched sale and repurchase agreements, when Federal funds were trading at 8% per cent.

In Frankfurt call money was unchanged at 7.85 per cent, with traders optimistic that the Bundesbank had the situation under control, and there would be no problem for banks in meeting minimum reserve requirements for the month.
This week's allocation of funds at the securities repur-chase tender seemed low at first sight, injecting a net DM200m, but public sector sal-

ary payments have helped to boost liquidity. Banks borrowings under the Lombard emergency funding facility rose to about DM900m on Wednesday from DM500m on Wednesday from DM500m on Tuesday, to repay money lent direct to the market by the Bundesbank on Monday and last Friday. Nevertheless reserve holdings by the commercial banks averaged DM56.9hn for the first 24 days of the month, against an expected average requirement of DM55.9bn.

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## **ACROSS**

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cty (4) Race Brown back home, clutching ball (6) Reserved fresh container for half-time (8)

27 Broken chair can, leading to chaos (8) 28 Recall always reversing without permission (6) 29 Machine operators, very French, mix lead in it (8) 30 Volunteers left hospital

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#### 16-18 OCTOBER, 15-17 NOVEMBER **&4-6 DECEMBER 1989**

The risks involved in trading often complex instruments in the capital markets need to be identified, measured and managed. In these workshops a team of Price Waterhouse and banking industry experts examines the risks and explains how they can be managed successfully. Speakers will be drawn from Price Waterhouse's Capital Markets Group and a panel including:

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Juffrey Evans	Richard Klisby
Manager, Swaps	Senior Managing Director, Capital Markets
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#### Price Waterhouse



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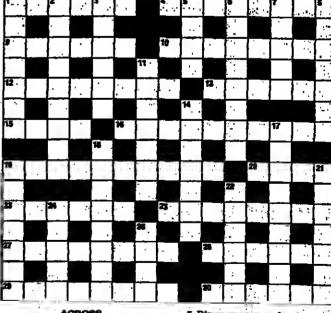
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#### **CROSSWORD**

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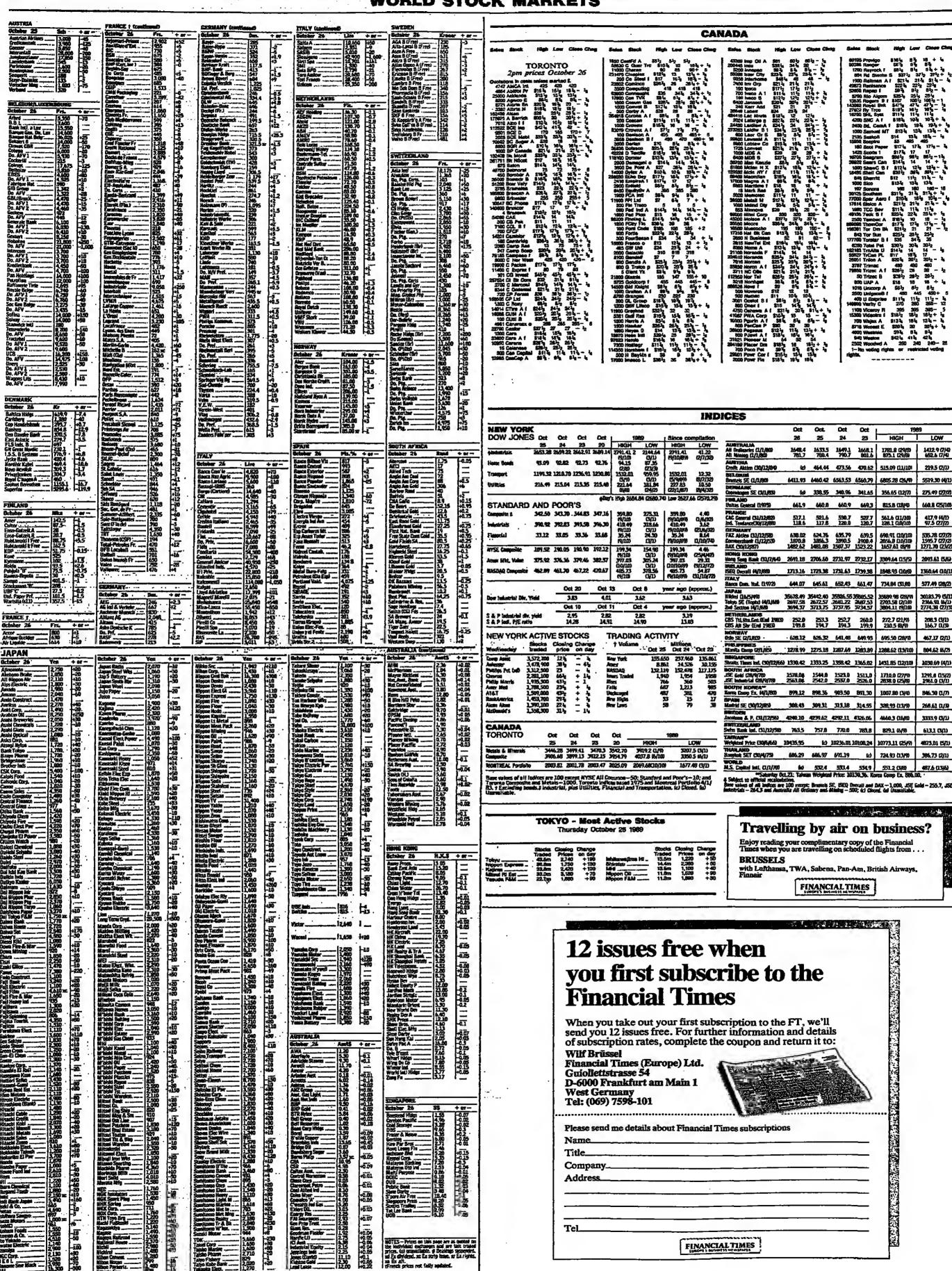
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**FINANCIAL TIMES** 

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FINANCIAL TIMES

#### NASDAQ NATIONAL MARKET

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## Dow weakens on concern over corporate prospects

**Wall Street** 

THE EUPHORIA after last week's recovery from the mini-crash on October 13 continued to dissipate yesterday. Concern about the prospect for corporate earnings as the economy decelerates, and nervous-ness about volatility caused by programme trading, kept investors on the defensive, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 32.58 points lower at 2,620.70 on moderatsly active volume of 101m shares.

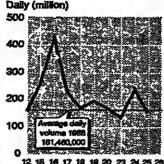
At one stage yesterday morning, the Dow slumped by more than 45 points in a movement triggered by fluctuations in index futures contracts. Wide price swings have become the norm since October 13, because there has been heavy activity by stock index arbitrageurs as they capture price differentials between the index futures contracts and the underlying stocks in the cash market.

The stock exchange yesterday started trading in its new basket product, called Exchange Stock Portfolios, after the Securities and Exchange Commission approved the go-ahead late on Wednesday. The product allows institutions to buy or sell the entire Standard & Poor's 500 index using computerised strategies in a single trade. Previously, an order to buy or sell the S&P 500 would be split into 500 separate trans-

actions in the individual stocks, an inefficiency which has often been cited as a cause

of market volatility.
Trading in ESPs was reported to have had a slow start yesterday, as could be expected with a new product and revolutionary new trading

**NYSE** volume



Stripping out the effect of programmes, the market yesterday was still weak. There was some concern about the message of yesterday's prelimi-nary figures for third-quarter gross national product which grew by 2.5 per cent, the same as in the second quarter.

October 1989

That was in line with expectations, but economists noted that growth in the three months to September had been boosted by consumption spend-ing related to car sales; there were also worrying signs else-

in exports and rise in imports. A build-up in inventories suggested a further weakening in manufacturing industry which points to lower growth in the fourth quarter.

Technology stocks were par-ticularly weak, after Compaq Computer reported earnings at the bottom end of forecasts and said that the fourth quarter outlook was uncertain. It also said it had found a defect in computer chips supplied by Intel. Compaq fell \$9 to \$99% and Intel dropped \$1% to \$31%.

La Jolla Bancorp jumped \$3% to \$13% on news that Security Pacific had signed a letter of intent to but it for \$15. letter of intent to buy it for \$15 a share in a stock swap.

#### Canada

SHARP declines on Wall Street sent Toronto midday stocks lower. The composite index lost 14.9 to 3,891.8 on volume of 8.9m shares. Declines outpaced advances by 287 to 197.

C\$% to C\$34%. Institut Merieux of France agreed a research investment programme with the University of Toronto, thereby removing an obstacle in its bid for the Canadian vaccine-maker.

Campeau dropped C\$1/4 to C\$8% in spite of a Tokyo press report that a Japanese depart-ment store and a group of European and American investors had expressed interest in buying its department store group, Bloomingdales.

## Stable yen helps Nikkei finish just below record

RELATIVE stability in the currency market and a boost from index-linked buying supported a strong gain in share prices which took the Nikkel average to a record high in the afternoon, writes Michigo Nakamoto in Tokyo.

The last day of trading for delivery within the month brought a mixture of profit-taking and buying in anticipation of a further strong rally. The Nikkei average rose above its previous record of 35,689.98 to a high for the day of 35,697.11, before closing just below the old peak at 35,678.49, a gain of 35,69 . The day's low was 236.09. The day's low was 35,451.94.

In spite of the npswing, declines outnumbersd advances by 502 to 421, while 199 issues closed unchanged. Turnover fell to 887m shares from 1.07bn on Wednesday. The Topix index of all listed shares added 25.01 to 2,697.58, and the London-traded ISE/ Nikkei 50 rose 8.60 to 2,083.34.
One broker commented that
the market was difficult to
understand at the moment. Although it is particularly sensitive to interest rates, yester-day the market ignored the fact that Japanese short-term rates were at historically high levels and, instead, took the

view that interest rates in the US would soon be cut, Interest rate-sensitive issues, such as large-capitalisation steels, shipbuilders and financial companies, snjoyed sub-stantial rises, although institutional investors remained wary. Nippon Steel gained Y24 to Y735, Mitsubishi Heavy Industries climbed Y40 to Y1,100 in active trading and Kawasaki Heavy advanced Y52 to Y1,050.

Shipbuilders attracted inter-

est following a newspaper report that many would increase or resume their dividend payments. Their profits have recovered substantially; Mitsubishi Heavy, for example, is expected to see a 50 per cent rise in pre-tax recurring profits, while its price/earnings ratio is at a relatively low 48.

Securities companies recovered from their recent slump. They are expected to step up their fund-raising, under pressure from the financial authoritles to raise their capital adequacy, and this should raise their popularity on the market. Nomura Securities gained Y260 to Y3,450 and Daiwa Securities

to Y3,450 and Daiwa Securities rose Y170 to Y2,540.

Tokyu Corp, the huge transport, retailing and leisure group, topped the actives list with 43.5m shares, advancing Y190 to Y2,740. Tokyu Department Store, part of the same group, sald it was negotiating with Campeau of Canada to purchase Bloomingdales, the US department store group, its share price rose Y40 to Y2,270.

Large-capital issues gained in Osaka, but sluggishness in high-technology issues pushed the OSE average down 68.06 to 36,480.10. Volume slipped to

36,480.10. Volume slipped to 76.5m shares from 99m.

Roundup

RECOVERIES in two Pacific Basin markets yesterday, one against the odds, failed to con-vince the locals that prospects

were really improving.
AUSTRALIA shrugged off a
2.3 per cent rise in the September quarter consumer price
index – in line with more pessimistic market expectations. simistic market expectations --and the All Ordinaries index rose 14.9 to 1,648.4 in turnover np from 86m shares and A\$177m at 93m and A\$219m. Dealers noted that options-related buying had boosted the

market and the turnover figures. With the exception of HHP, which rose 16 cents to A\$9.50 and topped the active stocks list with 4.5m shares, names in the volume charts -ANZ, National Bank, Elders and Goodman Fielder - were all options related.
"It was not a convincing

day," said one. Bond Corp firmed 1 cent to 31 cents, but its associate, Bell Resources, gained lift-off with a 17-cent rise to A\$1.01. SA Breweries has designs on it as the reposi-

has designs on it as the repository for Bond's browing assets, in potential competition with an existing deal with Lion Nathan of New Zealand.

NEW ZEALAND rallied for the first time this week, as the Barclays index rose 19.03 to 2,110.17, but one broksr described it as an unconvincing technical correction. Turnover of 23.5m shares and NZ\$25.8m, up from 9.8m and NZ\$25.8m, was dominated by the off-market sale of 5m shares in Steel & Tube Holdings, accounting for 35 per cent of the total by value.

HONG KONG trading shrank to its thinnest level in two months as the Hang Seng index lost 15.42 to 2,691.88. Turnover fell from HK\$658m to HK\$498m, the lightest since the HK\$449m of September 1.

HK\$498m, the lightest since the HK\$449m of September 1.

TAIWAN came back from Wednesday's holiday with its vigour unimpaired. The weighted index, which rose 127.77 on Tuesday, added 199.94, or 2 per cent, finishing well above the 10,300 resistance level at 10,435.95.

Trading volume widened to 1.1bm shares valued at NT\$156bm, compared with Tuesday's 787m and NT\$112bm. The market welcomed newspa-

The market welcomed newspa-per reports that daily price fluctuation limits would not be widened to 10 per cent from 7 per cent before the year end.

## Madrid goes limp as elections approach

Only utility stocks are attracting consistent enthusiasm, writes Peter Bruce

NVESTORS do not often pay Socialist governments the compliment of being nervous before elections. In Spain's case, however, Mr Felipe Gonzalez's Socialist administration has become so closely identified with the country's economic success that the prospect of its losing its absolute majority in Parliament on Sunday is playing a large part in the Madrid bolse's

recent limp behaviour.
In truth, not even the worst case scenario is that bad. The most hostile and least reliable poll, published earlier this week in the new newspaper El Mundo, has the Socialists winning 168 seats compared with their present 184. The majority is secure at 176. Up to 10 seats under that would still be manageable for Mr Gonzalez, because he could relatively easily do a deal with either the main Basque or Catalan

regional parties, or both. These are conservative groupings that might even agree not to take places in government in return for promises greater investment or

terrorist Basque movement, does not take its five seats in Parliament it has pledged to do so in the next legislature, but it would be an unwelcome ally in attacks on the Govern-ment and might even strengthen Mr Gonzalez's hand. The Socialists, who are superfly organised, will proba-bly be able to bring out enough voters on Sunday to keep their majority, but it will be close Mr Ignacio Gómez Montejo, chief analyst at Madrid brokers

F&G, believes only a catastro-phe will move the markets.

The bolsa is, anyway, operat-ing at a slight discount following the recent worldwide falls. Also, the Government is expected to begin introducing tough fiscal and monetary measures after the elections to keep the economy cooling down. And interest rates are not failing as quickly as the Finance Minis-try and markst had hoped, cause of bad inflation figures

UBS Phillips & Drew in Lon-



don is relatively sanguine about interest rate prospects after the elections, arguing that tighter fiscal policy will allow for some loosening of

interest rates. Be that as it may, the Spanish markets have performed indifferently this year. The Madrid general index has risen by only 12 per cent, against 17 per cent in the FT-Actuaries Europe index. The giant Repsol Continue in May left little recent flotation in May left little room for other new entrants, which in the past bave helped boost the market, and the approach of trading reforms introduced

on July 29 made investors heat-tant, although things perked. up a little once they arrived. "You have to remember that this market has grown by three times since 1986," says Mr Gomez at F&G. "This has not really been a bad year."
What is evident is that the banks, by far the biggest sector in the Madrid market, are for the moment not leading it. Their profits growth this year will be slow and Bank of Spain instructions that they limit credit in the last half of the year are hurting. Banco San-

tander, the most heavily capi-

talised bank on the market has also broken ranks and started offering interest on current accounts, which, according to Phillips & Drew, will have a negative effect on the whole sector.

Even the star performers in 1989, the construction and cement companies, may begin to feel the Central Bank's credit pinch as the year ends and as housing starts fall off. All of which leaves the electricity ntilities prancing about on the stage alone. Last month's frenetic trading in utility shares was only partly prompted by hopes that thes highly geared monsters would benefit from a fall in interest rates. The main impetus was a scramble among the banks to take positions that would help influence borrowing decisions

plant construction. For the most part, ntility shares in Spain, like those of Telefónica and Repsol, are attractive because their markets are protected by the Government. That is unlikely to change after Sunday either.

## Bids, cash calls and inflation divide opinion

corporate and political develop-ments provided the stimulus to continental trading yesterday,

prites Our Markets Staff.
PARIS had an eventful day in terms of corporate news, although Wall Street's sharp fall towards the French close wiped out speculative gains seen earlier in the day, and the OMF 50 index closed 2.65 lower at 498.85. Volums was thought to be better than Wednesday's FFr2bn at FFr2.5bn or above. Investors in need of a new injection of acquisition fever had a wide choice - from the suspension of trading in Thom-

son-CSF, the defence and electronics group, and Credit Lyon-nais, the bank, to the continuing Paribas/Mixte saga. Paribas rose FFr17 to FFr627 as Mr Marc Fournier, chairman of Navigation Mixte, said that his board had rejected the takeover bid from Paribas and that he had asked for official clear-ance to take his stake in Paribas to more than 10 per cent, from nearly 5 per cent now.

Suez, meanwhile, closed FFr3 lower at FFr390 after climbing to FFr403 amid news that Banque Indosuez was to raise its stake in Morgan Gren-fell, the UK merchant bank, to 24.8 per cent.

In the drinks sector, Pernod-Ricard was depressed by a disappointing 8.5 per cent rise in first half profits, and the stock fell FFre9 to FFr1.435. But Perrier rediscovered its sparkle with a rise of FFr67 to FFr2.011. There has long been talk of a takeover bid, but one theory has it that a friendly transfer of shares is taking place from the core Leven group to Exor, the holding

group to Exor, the holding company that owns more than 30 per cent of Perrier, in preparation for the retirement of Mr Gustave Leven, the chairman. Pechiney, the aluminium group, was boosted FFr4.50 to FFr326.50 by news that it was selling its Parls headquarters for a much higher than expected FFr4.76bn.

ted FFr2.76bn. **Eurodisneyland** shares made

SOUTH AFRICA GOLD SHARES rallied in

hannesburg yesterday as the Johannesburg yesterday as the bullion price rose above \$368 an ounce. Just before the close, the JSE Gold index had added 34 points, or 2.2 per cent, to 1,578. Vasi Reefs gained R11 to R325, Southwall added R3 to R133 and Ofsil rose R4 to R38. The overall market was also higher.

sag said that its offer, to raise their debut in very active trading, starting at FFr81.95 and closing at FFr80.25 compared with an issue price of FF172. FRANKFURT followed Deutsche Bank, which gained DM28.50 early in the session on the news of its 10 per cent holdings in several large com-panies, including the insurance company, Allianz and the rein-

The DAX index reached a peak of around 1,500 early in the day and the FAZ closed 5.26 higher at 630.02 at mid-seesion. The market then saw September inflation up to 3.7 per cent against under 3 per cent for the 12 months to August and the DAX closed only 1.54 higher at 1.482.62

Deutsche Bank's final DM12 gain to DM657 accounted for three points of the index, as it traded in volume far abead of the rest of the active stocks, at DM843m; most other blue chip shares suffered small losses, as volume rose from DM3.5bn to

Two rights issues provided the contrast of the day. Preusup to DM1.5hn, would be priced between DM210 and DM240 a share against last night's price of DM301. Munich Re's is a relative tiddler, raising DM162.5m with a one-for-one at DM250 against Wednesday's closing price of DM2.170, and it expects to keep its dividend steady at DM10 a share.

Munich Re's terms, said a German analyst, look like a professional response to the weight of new issues which are expected to take nearly DM8bn out of the market over the next three months.
MILAN has its own inflation

and rights issue problems, as the Italian monthly from Klein-wort Benson pointed out this week. However, it had more immediate concerns yesterday as a late rally was curtailed after hours, on reports that a tax decree giving Montedison a major tax break for its participation in Enimont had bit a song in Parliament.

Montedison was fixed at L1,942, up L12, early in the ses-sion, and rose to L1,995 after

hours before the news from Rome pushed it down to L1,965. The Comit index eased 1.54 to 644.07 in volume thought to be slightly higher than Wednes-AMSTERDAM was in no

mod to enjoy the good news from Philips, concentrating instead on Wall Street's weak morning performance and the disappointing results from ICI in the UK. The CBS tendency index came off 1.7 to 1815 in low volume of F1600m. Philips reported third quar-

ter results that were at the top end of expectations, and this, together with its plan to float 20 per cent of PolyGram, its recording subsidiary, in an international sale in the next fsw weeks, lifted the share price F1130 to F14620. Turnover in Philips accounted for some 15 per cent of total turn-

On the downside, chemical stocks were hit by concern about what ICIa figures might herald for their results, and Alco shed Fl 2.10 to Fl 130.70. ZURICH saw firmer banks as

to 612.9 in moderately active trading. Leu bearers rose SF125 to SF13,125 and CS Holding SFr15 to SFr2.430. Both banks reported continued good profit growth in the third quarter, and repeated earlier forecasts of a better full year.

Another bank, UBS, did its bit for the market with a 200 company Swiss survey expressing, in the main, an upbeat outlook for the fourth quarter of 1989 and the first half of

next year.
STOCKHOLM was little changed after a cautious session, with SKF, the roller bearings maker, providing one of the few highlights after reporting a 78 per cent rise in nine-month profits. SKF gained SKr5 to SKr156.

The Affärsvärlden General index eased 0.2 to 1.245.4. BRUSSELS declined in lacklustre trading, with the cash market index off 48.49 at 6,411.93. Thin volume saw some large price declines: Groupe AG, the insurer, lost BFr350 to BFr12,650.

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financiel Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS _	WEDNERDAY OCTOBER 25 1989					TUESDAY OCTOBER 24 1989			DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Starting Index	Local Currency Index	1969 High	1989 Low	Year ago (approx
Australia (85)	146.41	-0.3	134.87	125.77	-0.9	5.26	148.89	135.56	126.89	.160.41	128.28	149.00
Austris (19)	160.32	-2.1	147.67	153.30	-22	1.59	163.79	151, 16	155.78	172.22	92.84	95.42
Belgium (63)	141.87	- 1.5	130.68	135.75	- 1.5	4.07	144.03	132.92	137.82	144,49	125.58	129.9
Canads (122)	148.71	-0.1	136.98	126.53	+0.2	3.24	148.86	137.38	126.33	154.17	124.87	125.6
Denmark (36)	208.48	-0.9	192.04	203.17	- 0.9	1.56	210.39	184.16	205.02	219.89	165,35	147.7
Finland (26)	124.74	-0.2	114.90	110.63	-0.3	2.55	124.99	175.35	110.98	159.18	123.12	126.0
France (126)	133.05	- 0.7	122.56	130.50	-0.6	2.89	133.93	123.60	131.25	139.94	112.57	107.5
West Germany (97)	96.40	-20	88.80	92.24	- 1.9	2.23	98.33	90.74	94.01	103.84	79.56	85.8
	114.24	-0.8	105.23	114.50	-0.8	4.94	115.21	106.32	115.48	140.33	88.41	106.9
Hong Kong (48)	162.76	-0.s	149.93	158.66	-0.5	2.79	163.67	151.05	159.49	166.69	125.00	141.7
reland (17)			80.32	87.89	-1.1	2.60						
taly (97)	87.19	-1.0					88.08	81.29	88.90	96.73	74.97	83.9
Japan (455)	186.77	-0.3	172.04	187.17	-0.2	0.48	187.28	172.84	187,57	200.11	164.22	171.0
Malaysia (36)	199.41	-1.7	183.68	206.67	- 1.7	2.57	202.89	187.24	210.31	209.22	143.35	140.7
Mexico (13)	320.11	- 1.8	294.87	916.62	- 1.7	0.57	325,94	300,80	932.60	326.61	153.32	156.6
Vetharland (43)	126 87	+0.2	116.68	120.13	+0.3	4.41	126.40	116,65	119.82	181,72	110,63	110.6
lew Zealand (19)	76.07	-23	70.07	68.19	-26	5.18	77.89	71.88	70.00	88.18	62.64	74.6
Vorway (24)	170.88	-2.4	157,41	159.46	-25	1.63	175.10	161.59	163.57	198.39	139.92	117.7
Singapore (26)	156.33	-2.2	144.01	140.92	-2.2	2.10	159.82	147.50	144.14	170.62	124.57	122.5
South Africa (60)	144.54	+0.4	133.15	125.88	+0.6	4.50	143.94	132.84	125.10	160.24	115.35	110.1
Spain (43)	158.84	-1.0	146.32	141.27	-09	3.73	160.46	148.09	142.59	189.75	143,14	150.90
	178.57	- 1.3	152.64	167.18	-1.3	2.05	178.84	185.04	169.31	188.94	138.45	129.7
Sweden (35)	86.68	- 1.5	79.84	88.60	- 1.5	2.18	87.99	81.20	87.93	94.15	67.81	84.4
Switzerland (64)			131.26	131.26	+0.5	4.63		130.54	130.54	158.41	133.28	136.3
Inited Kingdom (306)	142.50	+0.7				3.32	141.46					
ISA (547)	139.13	-0.3	126,16	139.13	-0.3		139.58	128.81	139.58	146.29	112.13	114.6
urope (996)	124.57	.~0.4	114,75	117.48	-0.4	9.58	125.04	115.40	117.97	132.95	112.63	113.74
lordic (121)	166.99	-1 <i>.</i> 2	153.82	153.39	-1.2	1.86	168.97	155.94	155.24	178.38	137.95	124.82
acific Basin (669)	182.40	<b>-0.3</b>	168.02	163.44	-0.3	0.72	182.96	168.85	163.92	194.72	160.44	167.56
uro - Pacific (1665)	159.35	-0.3	146.78	145.05	-0.3	1.63	159.87	147,54	145.63	186,98 .	141.56	146.00
lorth America (669)	139.60	-0.3	128.59	138.34	-0.3	3.31	140.04	129.23	138.75	146.66	112.79	115.22
urope Ex. UK (690)	112.70	- 1.1	103.81	108.88	-1.1	2.84	113.99	105.20	110.10	118.51	96.30	99.53
ecific Ex. Japan (214)	130.03	-0.8	119.78	117.11	-1.1	4.83	131.06	120.95	118.42	140.05	111.93	125.71
Vorid Ex. US (1860)	158.94	-0.3	146.41	144,49	-0.3	1.71	159.44	147,15	144.94	166.35	141.49	145.00
Yorld Ex. UK (2101)	151.65	-0.4	139.69	143.74	-0.4	2.00	152.28	140.53	144.32	156.04	136.98	132.96
	150.85	-0.3	138.96	142.68	-0.3	2.21	151.34	139.66	143.15	155.92	136.87	133.30
Vorid Ex. So. Al. (2347) Vorid Ex. Japan (1952)	133.78	-0.3 -0.3	123.23	130.01	- 0.4	3.48	134.24	123.69	130,49	140.43	114.51	115.14
he World Index (2407)	150.81	-0.3	138,92	142.57	-0.3	2.23	151,29	139.62	143.02	155.89	136,68	133,24
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Courtaulds plc

has acquired

Products Research & **Chemical Corporation** 

Morgan Cuaranty acted as financial advisor to Courtaulds plc, served as dealer manager for the tender offer, and provided bridge financing